

UNIVERSITY OF KWAZULU-NATAL

**Evaluation of talent management strategy in fulfilling
enterprise strategy: a case study at SAPREF**

By

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Declaration

The Registrar, I **Ziphathele Chamane**, student number **213569351** confirms that the dissertation titled ***“Evaluation of talent management strategy in fulfilling enterprise strategy: A case study at SAPREF”*** is my own work and has not been submitted to any institution in part or in whole.

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Declaration by the supervisor

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ABSTRACT

The purpose of the study was to evaluate the robustness of talent management strategy at South African Petroleum Refineries (SAPREF) in fulfilling the business strategy. Four objectives were selected as the focus of the study, which are talent sourcing and retention, succession planning, competency development and employee engagement, diversity and inclusion. SAPREF has a vision of becoming the best refinery in Southern Africa comparable to Asian refineries. The best refinery is the one which is operated optimally and safe, profitable, reliable and always available to process crude oil into finished projects, executes capital projects timeously and on budget. The biggest lever to reach the best refinery status is the talented people behind the sophisticated state of the art refining facilities. The recruitment of best talent, retention, development and properly executed succession planning will ensure that SAPREF vision is realized and the talent to meet the future needs of the business is available and well prepared. A probability sample of 60 managers was drawn from a population of 80 managers. Of the sample, 7 managers were from Top management (LT), 21 were from Senior management (ELT) and 32 were from Middle management (MM). Data was collected using a questionnaire survey that was personally administered to the study participants. The choice of personally administering the questionnaire was informed by the fact that the study; and the study participants are based on one site and the high response rate associated with the method. Data was captured in Excel spreadsheet database and exported to SPSS version 18 for analysis (both for quantitative analysis and statistical analysis). The results of the study revealed that SAPREF talent management is on the right track, regarding the objectives of talent sourcing and retention, competency development and employee engagement and diversity and inclusion. The study revealed succession planning was not going well at SAPREF requiring urgent intervention. It is recommended that a detailed further qualitative research be undertaken to understand why study participants rejected the current SAPREF succession model.

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CHAPTER 1

INTRODUCTION

1.1 Introduction

The purpose of the study was to “*Evaluate the Talent Management Strategy in fulfilling business objectives, using South African Petroleum Refineries (SAPREF) as a case study*”. The oil industry in South Africa (SA) is expected to adhere to stringent clean fuels specifications and environmental regulations in the near future. Oil refineries in SA and the world are under immense pressure to operate safely (and without causing pollution) and optimally all the time meeting quality specifications set by the government to protect customers. The economic climate of decreasing refining margins requires sustained business performance to deliver shareholder value. Talented workforce in addition to capital investment in equipment and technology is the biggest enabler in delivering the (SAPREF) business strategy.

This chapter covers the history of SAPREF; followed by the structure of SAPREF and purpose of the study. The significance of the study is covered outlining study objectives and finally discussing the dissertation outline.

1.2 Background to the study

The oil industry in SA and the world is a dynamic industry using sophisticated technology and state-of-the art facilities to convert crude oil/gas into fuel components and chemicals. The sustainability and profitability of the industry is heavily dependent on technology employed, safe operation, concise project execution and the availability of highly skilled personnel to execute these tasks.

In SA generally, and at SAPREF in particular; the threat to sustainability and profitability is the lack of highly specialized skills required to meet the business objectives. Key in meeting business objectives is the availability of human talent which is highly skilled, motivated and engaged.

SAPREF vision as stated in SAPREF (2014) is to be the leading refinery in Southern Africa by 2020 and be competitively placed in the South East Asia groupings. A leading refinery must fulfill the following attributes:

- Excellent safety and environmental compliance,
- Plant availability and predictability;
- High net operating hydrocarbon margin,
- Sustainability,
- Good relations with stakeholders
- Good product quality at all times
- SAPREF must be an employer of choice

Given the scarcity of technical talent in South Africa and KwaZulu-Natal in particular, SAPREF vision 2020 can only be fulfilled if there is a robust talent management strategy in place.

1.3 History of SAPREF

According to SAPREF 50 (2013) , the SAPREF oil refinery was established in 1960 and is a Joint Venture (JV); between Shell SA (Refining) SA and BP Southern Africa. The refinery processes an average of 180,000 barrel/day of crude oil (sourced mainly from Middle East, and Africa) into fuel and chemicals, and has a refining capacity of 35% of the total SA oil industry. The refinery is located in Prospecton Industrial complex at Isipingo, 10km south of Durban in the province of KwaZulu-Natal. The SAPREF refinery is part of the SA oil industry, a member of South African Petroleum Industry Association (SAPIA).

SAPREF principal stakeholders include its neighbouring communities, customers, shareholding companies (Shell and BP), suppliers and service providers, labour representatives, staff, government departments and non-profit organizations.

The refinery team (Team SAPREF) consists of different departments driving the maximisation of shareholder value. Team SAPREF organisational structure consists of

the managing director and the top management heading the different departments. The next level of management consists of senior managers responsible for different production units. The summary of SAPREF organogram is explained below:

The Managing Director

The MD of SAPREF is the most senior top manager on site in charge of all refinery operations and is the company representative on the board.

Engineering Department

The Engineering Department is the custodian of equipment integrity and reliability at the refinery, in addition to execution of all capital projects and major shutdowns.

Technology Department

The process technology team guides operations on safe plant operating windows to protect the equipment, plant and process optimisation, initiates new projects, responsible for advanced process control and product quality.

Health Safety Security and Environment (HSSE)

The HSSE department ensures that SAPREF facilities comply with safety regulations in order to promote health, and safety of employees and reduce harm to the environment.

Finance Department

The finance team is the custodian of all treasury activities, legal and accounting functions and is responsible for contracts and procurement.

Human Resources (HR) Department

The human resources department is responsible for talent acquisition, talent retention and development, employment relations and compensation. The sustainability, communication; reputation management and Corporate Social Investment also fall under HR.

Production Department

The production department is responsible for the conversion (refining) of crude oil into valuable products (fuels and chemicals) through the use of sophisticated state of the art refining technology.

Commercial Department

The Commercial department in conjunction with shareholder companies select crude feedstock's and guides the product slates to be produced by the Production department. The commercial team is also responsible for assessing refinery performance, margin and business improvement initiatives, short, medium and long term planning with shareholders and hydrocarbon accounting.

Maintenance Department

The Maintenance team is responsible for the safe execution of maintenance activities.

Organisational Capability Improvement Department

The Organisational Capability Improvement (OCI) is accountable for management of efficiencies of processes within SAPREF.

1.4 Purpose of the study

The purpose of the study is to evaluate the talent management strategy in an oil refinery named SAPREF. The research aims to establish the effectiveness of SAPREF talent management strategy in fulfilling the SAPREF vision.

1.5 Significance of the study

The study will benefit SAPREF as a company in integrating its talent management strategy with the business strategy to fulfill its 2020 vision of being a leading refinery in Southern Africa. Additional benefits are listed below in order of no particular importance:

- Having a robust talent management strategy will secure the talent needed to deliver the Vision 2020. This will enhance competitiveness, safety and healthy refinery margins required to grow the company and shareholder value.

- Local Economic Development (LED-KZN/Durban Metro) as profitable SAPREF will increase money spent on CSI projects (education and local economic development through preferential procurement and rates to the municipality). In addition SAPREF employees will spend money on local businesses.
- Government (SARS), as shareholding companies will pay more tax from increased revenues, also individual SAPREF employees will increase middle class tax base collection for the state.
- The country as a whole through increased skill base especially from previously disadvantaged communities, and thus assist government aspirations of redressing skill shortage.
- The country (South Africa), since the retention of highly skilled people in the country increases the country global competitive index.

1.6 Problem statement

Given SAPREF 2020 vision, is the talent management strategy robust enough to produce human talent who will deliver the 2020 vision? A recent company talent audit and SWOT analysis highlighted a skills deficit in key areas of business. This study therefore seeks to test SAPREF's talent strategy capability to produce skills SAPREF needs to achieve the 2020 vision.

1.7 Objectives of the study

The objectives of the study are to:

- Establish the role of talent sourcing and retention to meet business objectives.
- Analyze the role of succession planning in achieving business objectives.
- Determine the role of competency development in sustaining business objectives.
- Investigate the role of continuous engagement and diversity and inclusion in achieving business objectives.

A following set of research questions must be answered:

- Is talent sourcing and retention meeting SAPREF business objectives?
- Is succession planning achieving SAPREF business objectives?

- Is competence development sustaining SAPREF business objectives?
- Is employee continuous engagement and diversity and inclusion achieving business objectives?

1.8 Dissertation outline

The research was carried out in different stages and culminated in the dissertation as outline in **Figure 1.1**

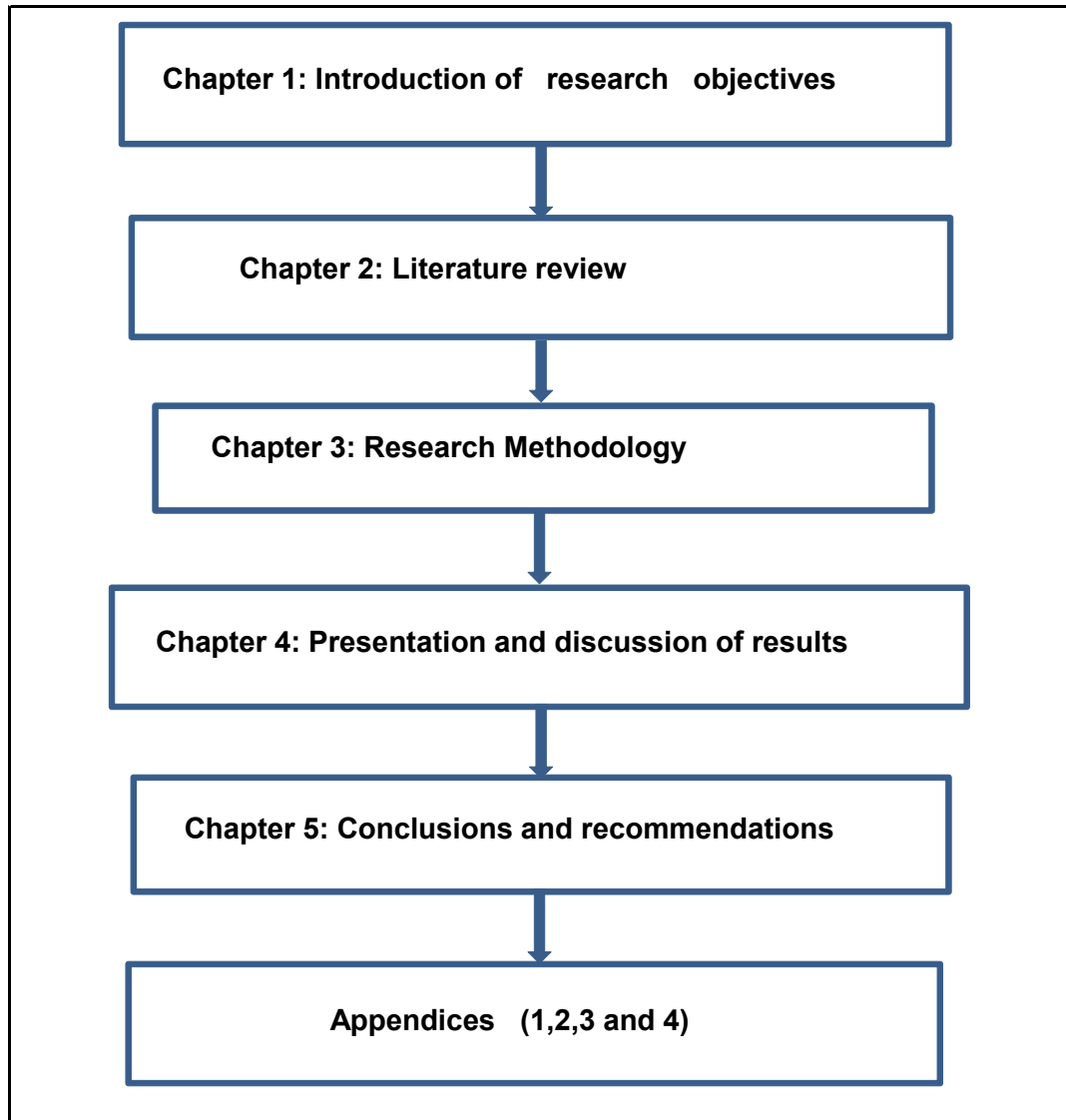


Figure 1.1: MBA dissertation outline

1.9 Summary

The chapter presented the introduction and background to the study. The purpose of the research and significance of the study was clearly discussed. The chapter also

presents the objectives of the study which are necessary to answer the research questions.

The next chapter presents the review of literature in line with the objectives of the study. The literature review explores the fundamental concepts of talent management, strategic talent sourcing and retention, succession planning, competency development, continuous employee engagement, diversity and inclusion.

CHAPTER 2

LITERATURE REVIEW

2.1.1 Introduction

The word talent is centuries old and has been assigned different meanings. In business like the conventional view talent is a special ability or capacity for achievement. According to Davies and Kourdi (2010), a talented person is anyone that adds value to the enterprise or its activity. Khoza (2012) argues that great talent is a high performing employee with unique skills and abilities contributing significantly to organizational performance.

Having defined talent, the next step is to clearly articulate the concept of talent management. According to Silzer and Dowell (2009) cited in Ludike (2011); strategic management of talent encompasses all HR related processes and systems in a workplace. These processes entails sourcing, training, retaining and utilization of talent to deliver current strategy and achieve future goals. According to Khoza (2012) strategic management of talent is a planned, intentional and calculated move to recruit, train and retain employees with the aptitudes and capabilities to fulfill present and future company needs.

According to Veldsman (2011) organizations with superior talent management will outperform their peers and become market leaders and conduct their business sustainably. Talent-driven organizations have a holistic and systemic view of the talent; have an integrated process of merging their talent with the overall business strategy. These organizations craft a strategic talent plan and aligned it to supports business strategy. Without strategic talent management, an organization becomes fragmented, reactive and driven by short-term operational talent needs.

2.1.2 Global talent management trends

According to Tansley (2011) different organizations define talent differently, at times with no consensus as to what talent is. There is marked difference in the extent to which organizations use the word talent in their daily operations, some of which are:

- No mention of the word talent in any company processes.
- Some restricted utilisation of the word in strategy.
- A regular established mention of the word in all strategy discussions and clear understanding of the term within organisation terminology.

According to Hallet (2013) talent management strategy ensures that organizations attract, develop, retain and deploy correct people in right roles at the right time to deliver organization's strategy now and in the future. Hallet (2013) compellingly argue that world class talent management lifts performance to above average.

Seroke (2011) highlighted that successful global companies like Arcelor Mittal have realized human capital is the biggest key asset in executing company strategy and the chief source of competitive advantage ahead of infrastructure, technology and resources. Seroke (2011) further argues that global companies like Arcelor Mittal and rival companies of similar size need to develop robust talent management programs to manage supply and demand of great talent within the organization to deliver enterprise strategy. In the case study of Arcelor Mittal, Seroke (2011) mentions the Global Executive Development Program (GEDP); a group-wide program to harness, develop and assist in retaining critical organizational skills to ensure business continuity. According to Seroke (2011) the GEDP model (**Figure 2.1**) is central to the company talent management strategy and it integrates four of the company talent management process namely, performance management, training and development, talent identification and succession planning. The GEDP model enables the company to focus on people management which leads to the achievement of the business strategy in an integrated manner.

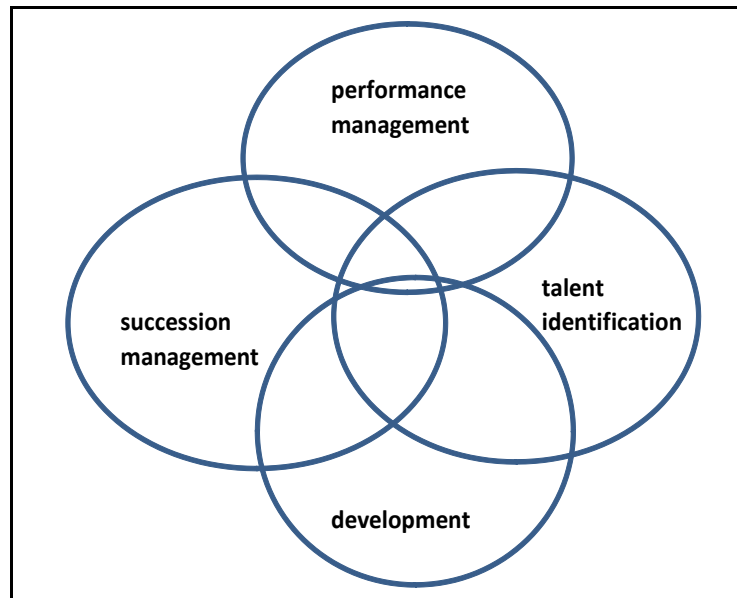


Figure 2.1: Talent management model of a ArcelorMittal

Source: Seroke (2011), p345

According to the model (**Figure 2.1**), the talent management journey begins from talent identification in response to company strategic intent. Once identified, talent is recruited and retained. The retention is implemented through rewards and benefits (both tangible and intangible).

The retention of talent is preserved by continuous development as business and competition changes. Development address knowledge gaps identified from talent audits. After development, the ability to deliver and perform is greatly enhanced and talent is evaluated (managed) accordingly using performance management cycle to identify top performers and high potential performers for succession planning process.

2.1.3 Talent management in SA context

Companies in South Africa have realized talent management strategy is an enabler to gain competitive advantage. According to Hofmeyer and Venter (2011), Sasol defines strategic talent management as an integrated management of HR business process systems related to recruiting, training and retaining of employees to achieve present

and future company strategy. Hofmeyer et al (2011) went further to describe Sasol talent management framework as grouping human skills according to a well defined performance criteria and implement career management processes (career mapping, training and leadership development for succession management) to make certain that Sasol remain a sustainable organization for future generations.

According to Hallet (2013), the talent management program identifies best people and provides them with robust development to enable them to occupy critical roles with high impact in organizations. Recently, due to globalization SA companies are increasingly expected to compete on the global scale. Companies like Sasol who define themselves as SA based global companies have adopted a robust talent management framework model shown in Figure 2.2.

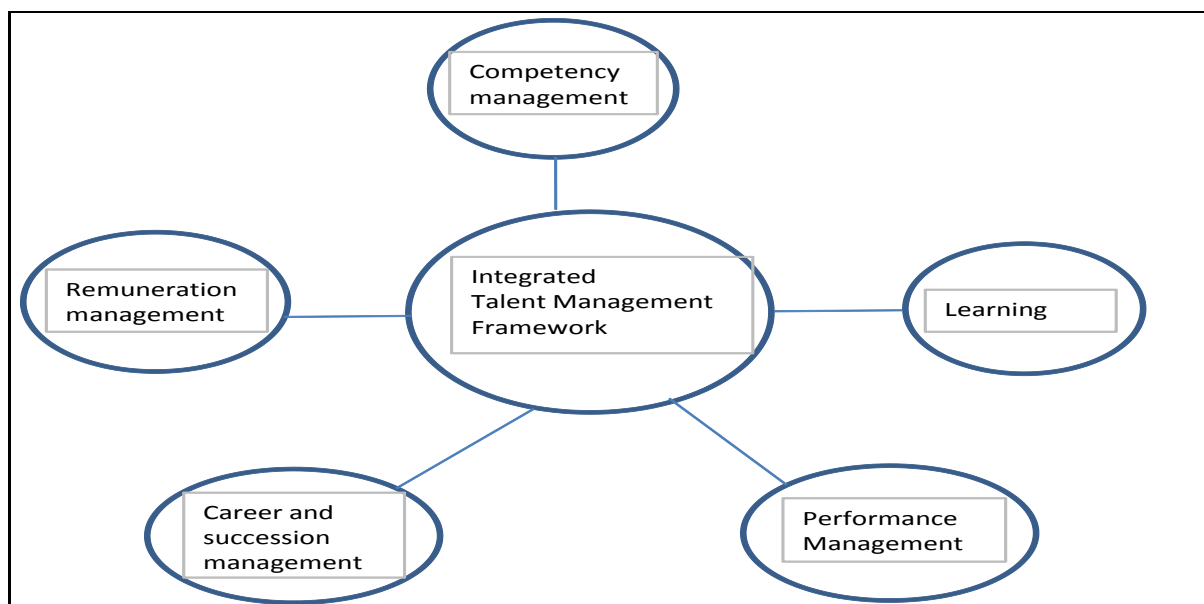


Figure 2.2: Sasol Integrated Talent Management Framework

Source: Hofmeyer and Venter (2011); p27

The model re-affirms that talent management is the retention (through remuneration and learning), development (by continuous on the job learning and through strategic alliances with business schools to develop management talent) and competency

management to enhance performance for career progression and succession planning. However, the crucial element or input into the talent framework is not addressed in this model, i.e. attracting and sourcing talent.

2.1.4 SAPREF talent management model

According to SAPREF talent handbook (2012), strategic talent management is an intentional, purposeful position taken to source, train and reduce turnover of high performing employees with the skills needed to achieve present and future company goals. The definition also emphasize agility of talent management in line with dynamic business environment. This definition is similar to the one given by Ludieke (2011), Khoza (2012) and Hofmeyer et al, (2011). The common trait in the definition of talent management is integration of HR processes (recruitment, retention, competency development, management of performance and succession) towards delivery of shareholder value for current and future needs. The SAPREF vision of becoming the best refinery in Southern Africa makes a compelling business case for the establishment of a comprehensive talent management model shown in **Figure 2.3**.

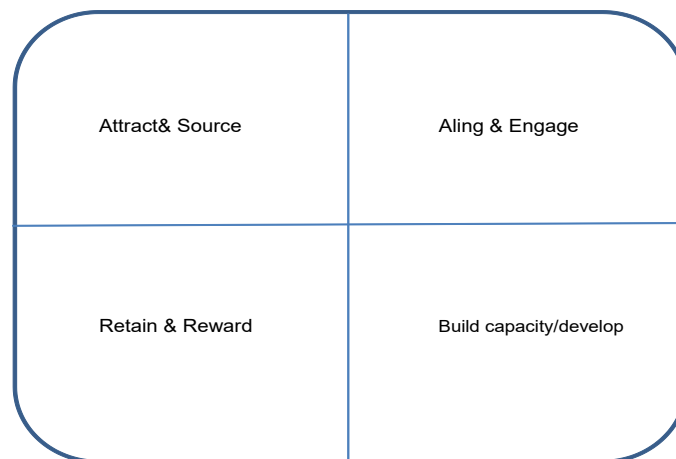


Figure 2.3: SAPREF talent execution model

Source: SAPREF talent handbook (2012), p5

The SAPREF talent management model is similar to one proposed by Khoza (2012) with sourcing (recruiting both job fit and organizational fit candidates), retaining (reducing turnover through retention schemes), training (competency development

through on the job training and classroom learning, succession planning), managing performance and culture. The Sasol talent model as reported by Hofmeyer et al; (2011) puts emphasis on integration of HR strategy and business strategy. The Sasol talent model (Figure 2.2) strongly resembles SAPREF model (Figure 2.3), with SAPREF model starting with talent attraction and sourcing.

The SAPREF model is divided into four quadrants, with each quadrant representing key elements of the talent management execution model. The high level explanation of the SAPREF model is given below:

Attract and Source

The attraction and sourcing of talent at SAPREF is underpinned by workforce planning, employee value proposition (EVP), recruitment and succession planning.

Align and engage

Upon successful recruitment, new talent is inducted (on boarding), strategically aligned to business vision and performance expectations clarified before setting of targets.

Capacity building and development

Employee's capacity needs are maintained and developed all times to effect career mapping. Capacity development is achieved through on the job training, training courses (internal and external through Shell global learning) and assignments (secondments to shareholder companies, Shell or BP) and coaching and mentoring.

Retain and reward

SAPREF offers both tangible rewards (financial) and intangible to entice talent to remain within employ of SAPREF. SAPREF offers study assistance to employees to pursue studies of their choice and even support employee's children attending university education.

2.1.5 SAPREF talent pipeline

SAPREF has a talent pipeline program with the key objective of igniting interest and desire in learners to pursue careers in science and engineering. The program is

response to a clarion call by the government for the private sector to contribute to the National Skills Development. The program seeks to develop a pool of critical skills needed to develop the country and at the same time building a feeder for Sapref talent management. The purpose of the program is to identify and nurture learners with an aptitude and talent for Mathematics and Science at high school level.

The business driver for the talent pipeline program is a dire need of skilled technicians and engineers. The learners are invited to an engineering summit that creates awareness of the various career opportunities in engineering fields that are of interest to Sapref (namely Chemical, Electrical, Mechanical and Materials engineering). Interested learners who meet the minimum requirements are taken through a rigorous selection process which includes skills assessment and psychometric testing.

Selected learners are placed in the SAPREF Saturday school program which offers tuition in Mathematics, Science and English. The Saturday school program serves as a feeder for SAPREF bursary scheme. Upon successful completion of matric; learners are awarded university bursaries to study engineering whilst other learners attend SAPREF internal accredited refinery college for artisans.

Upon completing university studies, young engineers undergo an intense four year training program with emphasis on technical skills at the beginning and management skills towards the end of the program to satisfy professional engineering requirements as stipulated by Engineering Council of South Africa (ECSA).

2.2.1 Sourcing and retention of talent

Company business strategy, technology, industry type and people strategy informs the type of talent required at a particular stage and beyond. Once the need for talent has been identified by the internal recruiters, sourcing of talent takes place. According to Grobler et al (2011) each company immaterial of its turnover or service offerings need to source talent of strategic importance to its survival. Govaerts et al (2011) share a

similar view and stated that organizations must recruit and select top talent to fill positions of strategic importance to the organization in order to sustain profitability and competitive advantage.

Sourcing of talent is done through recruitment and selection. Recruitment can be done internally or externally through recruiting agents. According to Grobler (2011) one of the incentives of internal sourcing is the upliftment of employee morale, history of the employee and performance is known and the costs involved in internal recruiting are low. However, Grobler (2011) further argued the biggest advantage of external recruitment is the extent of talent pool available (both active and passive) resulting in the import of new skill and talent to widen competitiveness. Grobler et al (2011) also stated the benefits of external recruitment are contacts that external talent will bring to the organisation.

Globalization has introduced skill mobility, with younger highly skilled generation no longer loyal to one company compared to previous generations (baby boomers). According to Davies and Kourdi (2010), there must be a pivotal link between talent sourcing and business strategy. Davies and Kourdi (2010) stated that companies must pay close attention to competitor activity, especially who are they hiring and from where are they hiring the talent. Davies (2010) recommends the use of external search firms to understand talent market dynamics to determine both active and passive talent.

Talent sourcing process through staffing; and headhunting is crucial to ensure organization stability, continuity and profitability. Sourcing and staffing practices consist of:

- Vacancy evaluation to determine the minimum requirement and competencies of the posts.
- Formulation of robust recruitment strategy targeted at required talent wherever it is located.
- The branding of the organization such that individuals possessing talent which is needed for competitive advantage are attracted to apply and present themselves.

2.2.2 Global companies sourcing strategies

Most global companies have well defined sourcing strategies aligned to business strategy. Unlike in SA, global companies are situated in countries with well functioning education system at both school and university levels. Internal recruitment is still the preferred recruitment method, as both candidate's performance and personality is well known within the organization. Other advantages of internal recruiting according to Grobler et al (2011) are:

- Candidates are accustomed to the company strategy, configuration, behaviours, policies and standards.
- Leaders have knowledge about applicants personality traits, performance and capabilities.
- Internal recruiting helps boost the level of employee motivation, retention and organizational commitment.
- The sourcing of talent internally is cost effective and expeditious.

However, Grobler et al (2011) also identified some disadvantages with internal recruiting resulting in managers to look on external recruiting for:

- Maximum exposure to great talent available on the labour market, and benefit from special skills and network usually possessed by external applicants needed to deliver company strategy.
- Newcomers often have new innovative solutions and exposure to cutting edge technologies.
- However, according to Grobler (2011) external recruiting becomes essential when:
- Available outside talent is more skilled and experienced than available internal candidates.
- The biggest leverage in sourcing for strategic and critical positions is to form strategic alliance with external recruiters.

Job posting is an essential element of sourcing as it formally announces the availability of the vacancy. According to Winter (2011) the aim of job posting is to invite the

greatest quality of candidates into the interview process. Posting ensures best potential candidates see the advert. Winter (2011) suggested company website as cost effective way of sourcing but for its effectiveness it must be:

- The careers section link needs to be easily accessible and visible on the website.
- There navigation tab on the home page must be easy to follow, research shows that people lose interest in navigation after three clicks.

Once the business vision (strategy) has been crafted, a proactive organization performs an analysis of the external and internal environment. Internal environment analysis identifies skills profile needed to occupy certain mission critical job categories.

2.2.3 SA talent sourcing strategies

The biggest stumbling block to talent sourcing in SA is scarcity of skills. Although the Freedom Charter proclaimed that “The doors of Learning and Culture shall be opened to all”, but after 1994 as Johnson (2009) argued, the apartheid system held back educational opportunities to 80% of the population. Post 1994, according to Johnson (2009) cited in Reichardt (2011) the quality improvements in terms of curriculum changes were ambushed by militant teacher trade unions, rendering schools ungovernable for the Department of Education (DoE) officials. Reichardt (2011) argued that the ill-discipline, poor salaries and dysfunctional system make teaching as a profession un-attractive and resulted in low quality student teachers.

Reichardt (2011) confirm that about 30% of maths and science teachers lack proper qualifications, and some studies put this figure even more. This has dire consequences for maths and science pass rate, let alone understanding it. According to Reichardt (2011) disturbingly about 0.6% of total maths and science matriculants come from African schools.

Reichardt (2011) further states the tertiary education is experiencing an intake of new entrants who are both academically and emotionally underprepared. Reichardt (2011) reports that SA universities are stifled by politicised and complex administrative

structures, with trade unions on historically black universities running parallel governance. Reichardt (2011) reports that large student numbers intake due to political pressure results in lecturers spending more time on administration work rather than teaching. According to Reichardt (2011) poor pay is making university teaching not attractive any more, and this has prompted many engineering faculties to partner with industry to top up academic salaries.

2.2.4 Workforce planning

Talent sourcing begins by inviting qualified candidates to avail themselves for selection to occupy unfilled vacancies. Once available candidates are subjected to a rigorous process of acquiring the best talent suitable for the post.

According to Grobler (2011) workforce planning is conducted after skill audit to:

- Check available skills and whether they are compactable with future skill set as indicated by the strategic intent.
- Workforce make up in term of skills, knowledge and abilities analysis, workforce demographics (biological make up, age, education etc).
- Future skills demand, knowledge and legislative environment.
- The need to bridge the gap through talent pipeline.

Currently SAPREF recruitment is effected through external recruiting, pipeline talent (internal recruiting), and headhunting for senior positions, job postings and employee referral programs.

Another important element in sourcing is Employee Value Proposition (EVP), where company culture and values are introduced to the new employee. The market positioning where benefits and rewards are used to attract the best candidate.

2.3.1 Talent retention in a global context

Once recruited, good talent must be retained and nurtured. Retention provides Return on Investment (ROI) for recruitment. According to Govaerts et al (2011) retention is the attempt by the company to prevent talented and sought-after employees from exiting

the company. Jackson et al, (2011) argued that retention is all about ensuring the turnover of highly valued, highly talented employee is kept at absolute minimum and Strydom et al, (2014) advances that retention is the process of encouraging underperformers or low performers to leave the organization so that more opportunities to source great talent are created.

According to Govaerts et al, (2011) reducing turnover of competent managers is key in achieving customer satisfaction and business improvement. This view is supported by Ghosh and Sahney, (2011) that talent is the strategic tool in modern business and that talented employees assist in maximizing business revenue.

Previous research has identified that retention is both at organizational and employee level. On the organizational level several factors contribute to retention of talented employees, some of these are:

- Rewards and benefits.
- Challenging and fulfilling duties.
- Promotion opportunities.
- Management honesty.
- Constructive relations amongst fellow staff.
- Acknowledgment of good work.
- Descent balance between work and personal life.
- Employee engagement.
- Management style.
- Competency development.

Rewards in addition to benefits in global companies are still the baseline for attracting and retaining high performing employees. There are global differences in pay structures with large corporations in US paying high salaries to their managers than their counterparts in Europe, Asia and Africa.

Learning and development in addition to rewards and benefits is critical in retaining high potential employees. Most of them are achievers getting good rankings translating to great salary, the majority of talented employees are fulfilling the self-actualization paradigm in the Maslow hierarchy of needs.

At the personal level, certain elements amongst them age, job level and qualifications, motivation, job involvement are factors that affect retention. However when employees needs are taken care of, most companies will reduce turnover to prevent loss of institutional memory as argued by Oladapo (2014).

The retention strategy in most organizations is achieved by creating satisfactory work conditions, great benefits and reward system. Recently, employees have cited wellness and training and development opportunities as equally as important to salaries and perks offered by companies. Innovative companies are now offering share options scheme to employees as part of retention strategy. Most big companies have gym facilities, cafeteria and even child care facilities in order to retain female employees. According to Oladapo (2014), most employees dis-engage and exit their current employment due to unfavorable employee value proposition.

2.3.2 SA talent retention practices

In SA today, most companies especially in commodity and high tech categories have realized that employee retention will keep them sustainable and take them into the future. Taking a cue from global context on socio-economic issues such as globalization, recession and diversity most companies have come up with innovative ideas to retain talent at both senior/professional level and interestingly at junior to shop floor level. Monetary rewards are still one of top priorities for SA employees but there is a shift towards embracing non-traditional benefits.

Most companies in SA have recently reshaped their compensation benefits, ranging from base pay, pension, and medical benefits to lifestyle benefits. Most companies are teaming up with medical aids to offer an added value to their clients such as reduced

gym membership. On the monetary front it is encouraging to see that some organizations, now have share options not only for senior managers but for ordinary employees as well. Companies like Sasol pioneered this benefits system as part of their BEE empowerment scheme. Corporations like BPSA has in-house gym facilities, Microsoft and Multi choice have child care facilities in order to retain talented female employees.

Since SA is a skill deficient country, learning and development opportunities are highly valued by employees and contribute immensely to retention. Learning and development can involve anything from work rotations and secondments, company assistance to register and study at business schools to further one 'education. Learning and development is directly related to performance, employee mobility and promotion opportunities.

2.3.3 SAPREF talent retention

SAPREF retention strategies are similar to most companies in the industry with a localized flavor though. As mentioned earlier, an employee turnover is reduced by offering a balance mix of tangible and intangible benefits. The SAPREF talent handbook (2012) lists intangible benefits as equally important as tangible benefits, amongst experiences identified by SAPREF to aid in retention are: culture, leadership, on-boarding process, team dynamics, meaningful and challenging work and most importantly company branding. Creating loyalty through company branding is achieved by engaging employees to community projects of their choice, e.g. an employee may decide to donate money to his former high school and the company will match similar amount.

Another much needed benefit is the education assistance to employee children for university studies. The SAPREF competency development model, affords learning and developments opportunities including assignment opportunities to shareholder companies (Shell and BP).

2.4.1 Succession planning

According to Stadler (2011), succession planning is a dynamic process of determining critical roles within the enterprise and identifying high potential candidates, provide them with proper training and skills to prepare them for future roles. Galbrath and Smith (2011) describe succession planning as identification and development of high performing employees to fulfill future strategic roles.

The definitions given by the authors above have one thing in common, identify critical positions, identify possible people to fill up the positions in the future and train them in preparation to occupy those future roles. It must be born in mind that succession planning is part of talent management framework where current talent and skill set is mapped and developed to anticipated future needs.

The strategy of the organization to take it to the future incorporate external factors (industry, politics, economy etc) and internal factors (technology, capital and most importantly capabilities of the workforce). Organisations that effectively manage succession identify exceptional talented individuals and provide them with competency development support to attain new competencies. The successful implementation of succession planning is based on robust talent framework. Stadler (2011) describes a robust succession plan as one that articulates continuity for critical skills. Stadler (2011) argues that the robust succession plan must guide the process of competency development; growing of emotional intelligence and robust development of key communication skills.

Stadler (2011) describes the importance of talent reviews to identify shortcomings, company weaknesses and possible company exposure; and formulate a vision for company internal capabilities. Talent reviews are aimed at preserving the company institutional memory and continuous improvement in individual and organizational effectiveness by effectively managing the organization exposure to a vacancy, readiness, transition and portfolio risks.

- *Vacancy:* Target a vacancy rate of zero; all critical positions must be filled.

- *Job Readiness*: Promote when job skills and capability requirements are met.
- *Transition*: Lack of knowledge management and sharing inhibit development.
- *Portfolio*: Match the right skills and job requirements.

The succession process is a step by step process entailing identification and evaluation of key positions and potential successors, building successor profiles, fast track development and review, modifying and updating developmental goals and action plans. Key positions are those required to meet future business needs and exerting critical influence on organization strategy especially senior leadership and technical expert's positions.

Stadler (2011) reported the process components of succession planning (**Figure 2. 4**)

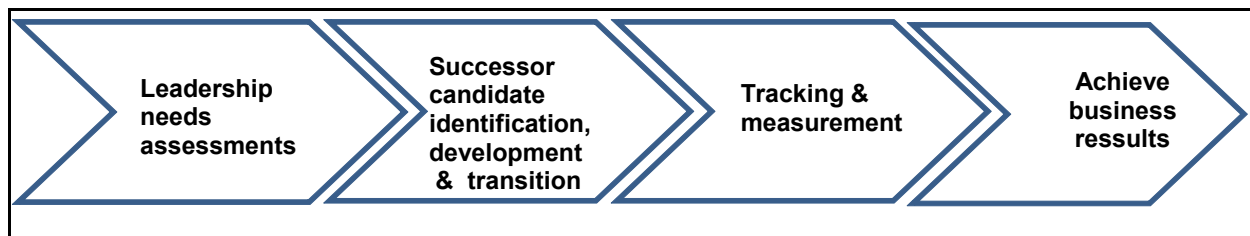


Figure 2.4: Process components of succession plan

Source: Stadler (2011) p266

as :

- Leadership needs assessment which identifies leadership positions to be included in succession planning efforts and the development of criteria to identify high potential candidates.
- Identification of successors for critical skills roles, assess skills gaps and develop programs to close gaps.
- Tracking and measurements of development with continuous recalibration if necessary.
- Business results are targets that identified candidate must achieve

According to Stadler (2011), succession planning and management provide a crystal clear roadmap for succession and leadership continuity. Stadler (2011) further argues

robust succession planning prevents immature promotions, thus setting up identified candidates for failure. Shen and Cannella (2002,2003) cited in Stadler (2011) advocates that effective implementation of succession planning results in increased shareholder wealth, minimum leadership loss, company stability and continuous improvement. This view is shared by William (2010), who describes the benefit of succession planning as attraction of external talent and retention lever for internal talent.

2.4.2 Succession planning in SA environment

Succession planning is paramount for South African companies sustainability and creation of critical mass of future leaders and technical specialist. SA companies face additional burden in comparison to international companies. These burdens are:

- The legacy of apartheid which resulted in the larger section of the society not having adequate skills to run the economic engines of the country.
- Poor education, compounding the skill shortage.
- Aging population of managers and specialists, predominantly from the white society.
- Emigration of the younger generation of leaders due to globalization and opportunities to work abroad.
- A dire need for the formal business to transform and comply with legislative requirements, such as Employment Equity Act and BEEE Act.

All the above scenarios compel SA companies to identify candidates that are going to lead organizations into the future. Many complex companies such as Sasol and Gold fields have developed some internal leadership (in-house) models. However due to the similar nature of challenges facing SA companies, most of the succession models are based on the generic Charan et al; (1995) which is depicted in **Figure 2.5**.

The model divides talent and leadership skills into passages, whereby to transit to the next passage a different set of skills is required and the candidate must be adequately prepared for the next level. This type of approach is similar to the Stadler (2011)

succession model where there is need identification, development, measurement and tracking before transiting to the next level.

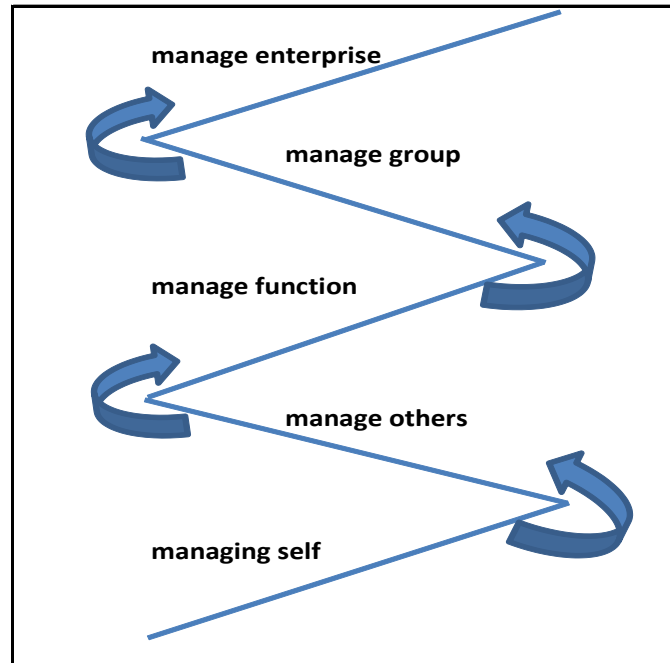


Figure 2.5 Succession leadership model

Source: Charan et al (2001), p7

The summary of the succession leadership model, as adopted from Charan et al; (2001) is given below:

Passage 1: Managing self to managing others

Employees at this passage must have technical skills, planning, punctuality, basic managerial mindset and values of the organization.

Passage 2: Managing others to Managing function

Recognize differences between functional and managerial mindsets using coaching as a strategy.

Passage 3: Manage function to Managing Managers

Ability to communicate through multi-layers of management and to manage unfamiliar areas. Learn to team play and how to compete for resources with other functional heads. Focused on long-term perspectives and begin to design components of business long-term strategy, e.g product design.

Passage 4: Manage business

Responsible for bottom line of the business and for new, unfamiliar functions outcomes. Sensitivity to diversity, requires enhanced communication skills and always take opportunity for introspection.

Passage 5: Manage business group

Values success of other business, skills needed to master are:

- Evaluate strategy.
- Ability to train business managers.
- Craft and execute business strategy.
- Ability to match internal resources and abilities with strategy requirements.

Last passage: Manage enterprise

More focused on values than skills with the ability to manage both internal and external constituencies. Performance assessed on three or four high-impact decisions per year.

Most succession planning steps in SA has the following steps:

- Evaluate extent of talent shortage.
- Identify required competencies based on future needs, values and strategies.
- Identify high potentials for inclusion in talent pools.
- Assess the individual's strengths and development needs to pool.
- Establish individually tailored programs for individuals, most local company's call it accelerated development programs which are done in conjunction with local business schools and customized for company setup.
- Select and place individuals on basis of expertise and knowledge.
- Constantly manage and guide top management.

According to Wocke (20114) most SA companies in partnership with leading SA business school have adopted the Charan et al (2001) model leadership skills. The identified candidates are assigned a mentor to hold their hand through the journey of moving from one passage to another. Already, there is lot of consulting companies offering coaching services. The use of external mentor rather than internal mentor is still subject for debate, but the author feel strongly that internal mentoring is more effective than external mentoring based on the following reasons:

- Internal mentor has the institutional memory of both the technical expertise and culture within the organization.
- Internal mentor understands business strategy much better than external mentor.
- The internal mentoring is cost-effective and less expensive.
- Internal mentor knows both the external and internal environment of the company and his guidance is likely to be populated with real life scenarios.

2.4.3 SAPREF Succession planning (internal pipeline)

According to SAPREF Talent handbook (2012); succession planning begins by identifying talent and evaluating it against the established leadership framework. The mandate requires a minimum of three potential successors per position to manage business risks. The identified talent is engaged to align personal ambitions with business objectives. Upon engagement the successor profile is built and the required training is drawn up including exposure and work assignments.

2.5.1 Competency development

Competence development and management as described by Sutton and Watson (2013) is the flawless execution of talent management strategy, beginning at talent sourcing, retention through training and development to performance appraisal and promotion. According to Sengupta et al (2013) only organizations with unique talent and innovation will survive the volatile, dynamic and competitive business environment. The biggest lever for innovation are employees who are constantly developing their competency skills to keep up with rapid changing business and technological environment.

According to Grobler et al; (2011), competency is an individual capacity and willingness to take initiative, execute tasks beyond expectations, and be accountable for own performance. Grobler et al, 2011 compellingly argues that competency has elements of model behavior, superior job knowledge, master skill or capability that is beyond the expected work performance. Grobler et al (2011) defines a competent person as one who has unique understanding of his work, having learned from previous experiences and adapt as such in diverse situation not encountered before to execute his tasks.

Competency development is developed through intense training in the classroom, on the job training, assignments and job rotations. In order for an organization to leverage on the competency of its employees, employee competencies must be matched with the job requirements. The competency model (**Figure 2.6**) reported by Sengupta et al; (2013), is integrated to business talent management strategy and follow the process highlighted below:

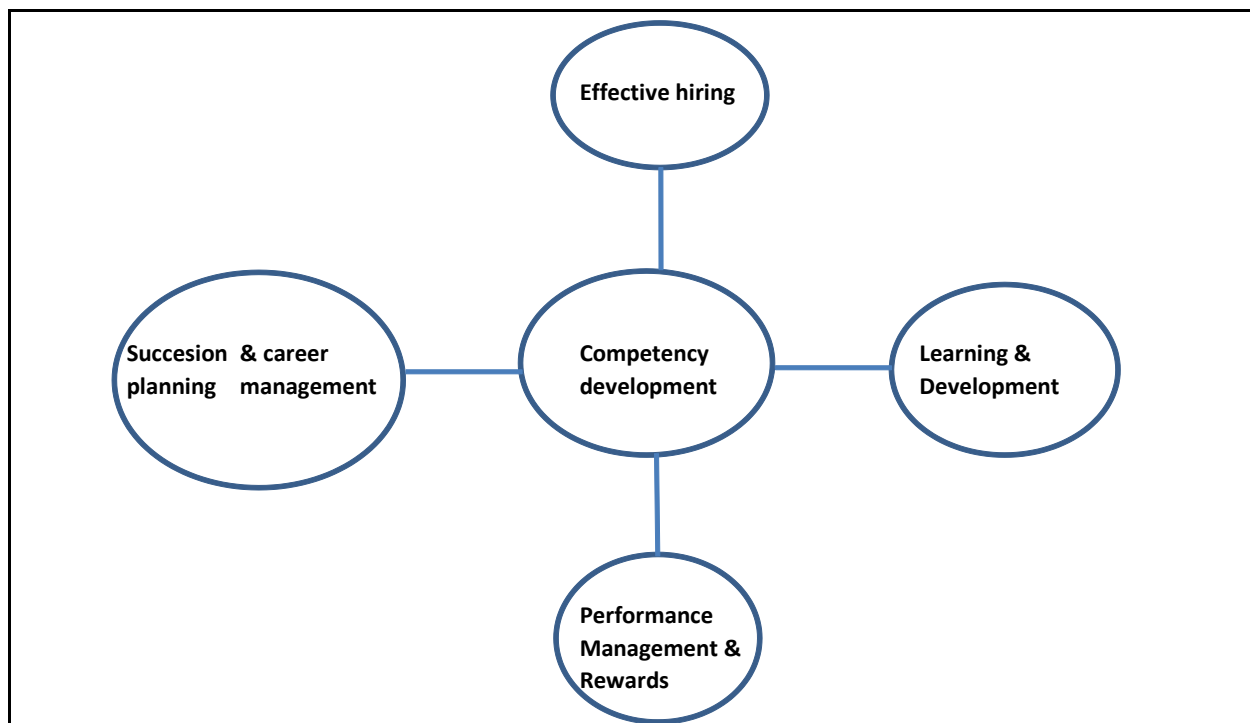


Figure 2.6: Competency development model

Source: Sengupta et al, (2013), p509

The competency model developed by Sengupta et al (2013) is a future looking model rather than a backward looking model. The model describes competency in three phases. According to Sengupta et al (2013), the first phase is identifying core competencies needed to execute a particular tasks in a company. Sengupta et al, (2013) characterised competencies as individual focused, job specific and role specific. The model looks at company current competency (essential and desired) requirements. A second phase of the competency model identifies a competency gap (through competency scorecard) which forms the basis of further training and development to match the desired Benchmark Competency Index (BCI).

According to Sengupta et al (2013) the last phase of the model is the integration of competency development with overall talent management framework. The acquisition of new skills allows the employee to perform better. Better performance leads to good rewards and the retention matrix of talent framework is achieved. However the biggest elephant in the room is recruitment of capable employees, who can effectively be nurtured through talent management framework. According to Bauer (2011), half of all senior employees recruited externally in large organisations quit in less than a year and a half, highlighting the need of sourcing great talent.

2.5.2 Competency development in SA environment

In order to facilitate SA GDP growth at a required rate needed to curb unemployment, big companies inject significant capital investments in the local economy. Till recently, human capital investment has not been considered an imperative business strategy. Modern firms have realised that the biggest competitive advantage in addition to technology and infrastructure is human capital, as competent human talent will propel companies to the next level of profitability and competitiveness as noted by Seroke (2011). Highly competent workforce is a leverage in attaining firm business strategy.

According to Hofmeyr and Venter (2011), Sasol people agenda is the creation of sustainable organisation of highly talented, diverse, competent and engaged workforce to deliver the shareholder value sustainably. Grobler et al (2011) noted that for SA

environment requires competency base different levels notably national competency, organizational competency, occupational competency and individual generic competency.

According to Grobler et al (2011), national competency addresses competency across industry type e.g. mining industry. Organisational and core competencies is the acquiring of skills unique to the organisation due to technology and product lines. The example is of Sasol operators who are the only people in the world and the country operating coal-to-liquids plants to produce fuels and chemicals because this technology is only unique to Sasol.

Grobler et al (2011) further distinguished occupational competency as job specific, to improve and acquire skills needed to excel in one's job. However in order for an employee to succeed, the individual skills or generic competences must be mastered in addition to technical skills. In most organizations, these set of skills are referred to as soft skills.

In SA, many companies in partnership with government through Department of Science and Technology have formed strategic alliances with local universities by sponsoring research chairs and big companies like SASOL allowing their employees to enroll for post graduate degrees in science and engineering to acquire skills needed to lead R&D departments.

SA business schools are also partnering with local companies for managerial training needs ranging from executive education (MBAs) to customized management development programs (MDP). On the technical front, government in conjunction with business has established Sector Education Training Authority (SETA) to ensure skills development at the shop floor level.

According to the latest Engineering Council of South Africa (ECSA) report (2013); ECSA is the custodian of Continuing Professional Development (CPD) program and award

CDP points for training attended by engineering professionals to facilitate registration renewal. Professional bodies also play a role to keep their members updated on the latest industry trends.

According to SAPREF Talent handbook (2012), competency development is achieved through work assignments, on the job training; coaching, training courses and rotations. These methods empower the candidates with practical skills needed to close identified gaps between current competency and future competency.

2.5.3 Competency development at SAPREF

According to SAPREF talent handbook (2012) and SAPREF talent management model; competency development is an integrated part of talent management strategy. Once new talent is sourced and recruited, new talent signs Personal Performance Contract (PPC) and Personal Development Plan (PDP). The PPC addresses in year deliverables in alignment with yearly business strategy. The PDP is used as input to succession planning. Monthly, quarterly and yearly talent reviews (performance appraisal) identify gaps between current performance and desired future performance. The identified gaps become training needs or development needs that the HR department and the line manager must address.

SAPREF has a Learning and Development (L&D) section located within HR department. The L&D is the custodian of all training needs for Sapref employees. The competency development model is part of the talent management strategy, as it seeks to empower and train high performing employees who have been identified for future positions which are of strategic importance to the organization.

The training centre located on site provides internal training mostly vocational and technical training, and also arrange external training should such a need arise. All employees have a PPC and PDP with a developmental item that is tracked regularly to ensure focus on people development. All the newly acquired skills and training received forms part of skills bank and the skill profile of every employee and stored in the HR

information system. Sapref also partners with external service providers (consultants), to provide management training for different levels of managers.

2.6.1 Employee engagement and diversity inclusion

Employee engagement as described by Davies and Kourdi (2010) is a state of utopia where employees enjoy their work, value their work, are fulfilled and achieving personal career success. According to Rana et al; (2014), employee engagement is an optimistic psychological feeling dominated and characterized by energy, commitment and association an employee has with his work. Craig et al; (2007) defines employee engagement as a degree to which employees express their identity with work.

Welch (2011) argues that an organisation with engaged employees attains a great state of organizational effectiveness, innovation and competitiveness. According to Welch (2011) engaged employees are motivated, value their work and strive to do better all the time leading to enhanced productivity and fulfillment of achieving personal success. However the challenge is to move from a situation where people are content and satisfied to a state on which employees are dedicated, and loyal to their duties. According to Wocke (2014), employee engagement has two stages:

- Personal - Occupation meets worker monetary; competency growth and individual professional ambitions. Expectation is that the manager creates an enabling state of affairs in the workplace for this stage to flourish.
- Spiritual and Emotional: a state when employees derive meaning on the work they are doing, in addition to personal level. Employees belonging to this group are the most successful, and an asset to business and become primary target of all company talent management strategies and go on to become future leaders of the business.

Wocke (2014) listed the following benefits of employee engagement:

- Productivity- talks to company bottom line, and promotes success and personal mastery.

- Satisfaction: satisfied employees are better, effective and efficient in execution of their duties. This enables business to reward them optimally resulting in reduced employee turnover.
- Turnover: high employee turnover is costly due to costs of replacing and training of new talent. High employee turnover also impact customer service and optimal rendering of services.

According to Baker et al; (2011); a consistent open, clear communication by senior management and efficient engagement strategies play a critical part in the establishment and promotion of lasting continuous and robust engagement. Welch (2011) emphasized the importance of internal corporate communications as an important pillar of employee engagement in addition to established lines of engagement (section meetings with line manager, team meetings with team leaders and peer to peer engagement).

Welch (2011) further stated that high level corporate dialogue combines organizational systems created to encourage worker alignment to the business strategy; and to empower employees to identify with the values of the organization. These systems according to Welch (2011) have been identified as principal promoters of employee engagement. Welch (2011) developed a conceptual model (**Figure 2.7**) that describes different facets of employee engagement.

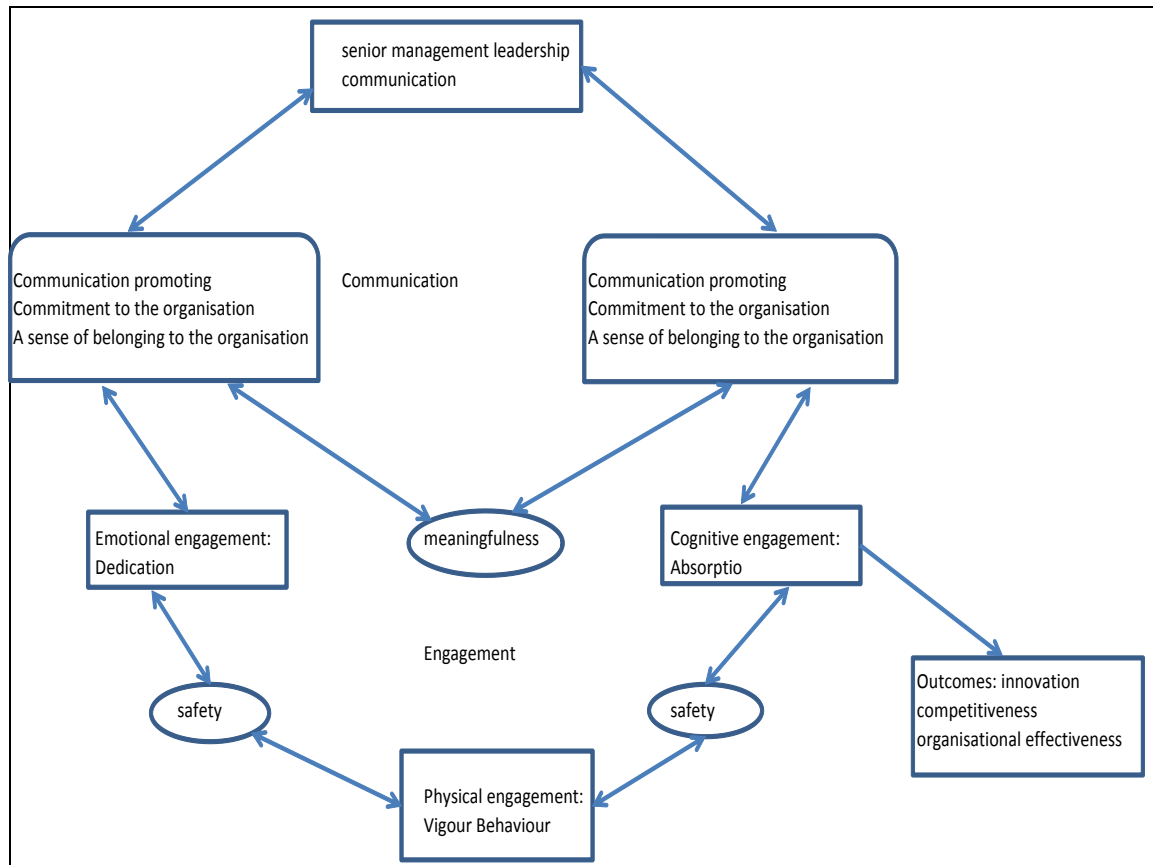


Figure 2.7: Employee engagement model
Source : Welch (2011), p340

According to the model (**Figure 2.7**); employee engagement is described as a tripartite alliance involving spiritual, intellectual and personal attributes linked to commitment, loyalty and energy. According to the model, employees identify management communication as one of their greatest need, required to sustain continuous engagement. Meyer at al; (2010) also argues that continuous engagement from top management is crucial for the sustaining of employee engagement. Welch (2011), believes internal corporate communication promotes communication and a sense of belonging. The model lastly conceptualize creativity, organizational efficiency and effectiveness as benefits of well promoted continuous engagement.

2.6.2 South African model of engagement

In SA employee engagement is paramount for peaceful workplace environment. The country and its organizations come from the long history of undemocratic workplace practices and hence a need to put employee engagement high on the people agenda. According to Wocke (2014), the employee engagement model (**Figure 2.8**) is premised on three dimensions: rational, emotional and motivational.

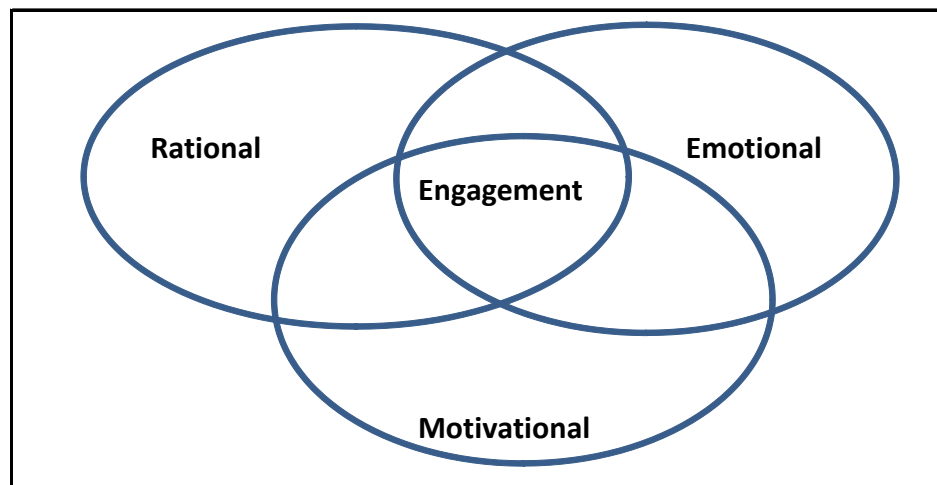


Figure 2.8: The employee engagement model

Source: Wocke (2014), p18

Wocke (2014) presented the following attributes for completely engaged employees:

- Clear comprehension of company vision and how workers tie in.
- Unwavering psychological connection to the company.
- Drive and readiness to plough in unrestricted endeavor in addition to minimum job requirements.

Rational items as described by Wocke (2014) are demonstrated by the following attributes:

- Firm belief in vision and mission of the organization.
- Firm and readiness to render unrestricted assistance for pursuit of organization strategy.

- Firm comprehension on of personal scorecard and its importance to business strategy.

1. Emotional items as advocated by Wocke (2014) are reflected by the following :

- Promotion of company brand as the employer of choice.
- Readiness of being a unofficial brand ambassador of the company.
- Recognition of company contribution towards one personal success.

2. “Motivational” as explained by Wocke (2014) are demonstrated by the following phrases :

- Commitment to work beyond expectations to assist the company to attain its goals.
- Personal commitment and drive to assist the company to be profitable and susitainable.
- Willingness to invest knowledge and expertise in one’s work.

Most SA companies engage employees through traditional Gallup surveys, but increasingly SA industry captains are using an array of measures to communicate with the workforce. Most popular one are electronic blog e.g. from CEO desk or MD blog and newsletters. Recently the use of face to face meetings at least quarterly in a truly South African imbizo or town hall meeting where employees (especially lower ranked employees) interacts face to face with the top leadership.

2.6.3 SAPREF employee engagement

The SAPREF model is a combination of different methods used to engage employees. There is biennial Gallup survey which is completed anonymously, weekly MD blog and quarterly eye to eye (face to face meetings).

The weekly MD’s blog provides updates on operational, commercial and safety performance sensitizing employees regarding company performance against the targets. The MD weekly blog has the facility that allows employees to interact with the MD. There are monthly section meetings where it is mandatory for line managers to

engage their teams on people issues. Quarterly COLUMNS magazine provides updates on Corporate Social Initiatives (CSI) activities serving to link employees to the surrounding community.

For matters of strategic importance, quarterly face to face (Eye to Eye) meetings are conducted by the Managing Director with the whole workforce to communicate on matters of strategic importance.

According to Welch (2011), employee engagement highlights the importance of employees as drivers of the business strategy. By keeping employees engaged, their minds are freed up to focus on their work and continuous improvement. According to Hay(2013) consulting group indicated that organizations with engaged employees experience on average 10% increase in productivity.

SAPREF uses both internal (employee wellness programs) and external (traditional CSI directed at communities) CSI to keep employees engaged. Employees chose the CSI cause of their choice, contribute money or time to their chosen charity and SAPREF will match the equal amount. The exercise connects to the employee emotional quadrant in the employee engagement model and engaged employee become brand ambassadors of the company, in the process cementing employee loyalty to the organisation. According to Ferreira et al; (2013) employees who are exposed in CSI experience improved level of engagement.

2.7.1 Diversity and inclusion

According to Derven (2014); diversity and inclusion is the talent management aspect that is focused on the management of talent based on differences. Derven (2014) argues that diversity and inclusion is now part of the business strategy which is impacting on the bottom line. Derven (2014) argues that workplace changing demographics especially in age and gender assists companies to increase and direct their innovation in product development, and tap into new markets that were previously missed.

A good example is vehicle manufactures who have reach new target markets by virtue of having diverse employees in their design teams. Brands like Mercedes Benz are now producing vehicles targeted to young and female market. According to Derven (2014) diversity and inclusion assist the companies to recrui and retain new talent to alleviate skills shortage and strengthen talent management. Derven (2014) proposed a diversity and inclusion model (**Figure 2.9**), to aid business to interrogate their diversity and inclusion strategies.

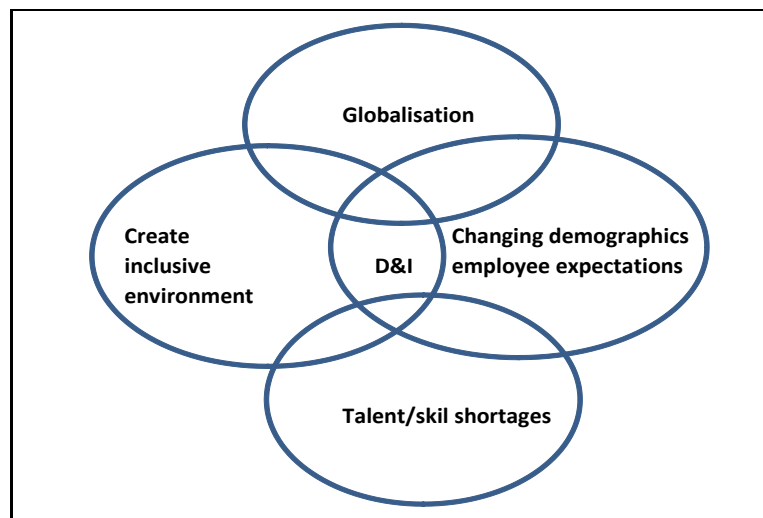


Figure 2.9: Diversity and inclusion model

Source: Derven 2014, p85

For organisation to be truly diverse and inclusive, the elements highlighted in Figure 2.9 must be clearly visible. According to Steele and Derven (2015) diversity and inclusion is the enabler for business expansion, entry to new markets and forming joint ventures through mergers and acquisitions. Steele and Derven (2015) argue that diverse employee teams are more innovative in comparison with non-diverse teams.

Derven (2014) reports of companies creating new diverse employee reception committees to ensure inclusive environment and promote loyalty to the organisation.

The inclusive environment encourages employees of diverse backgrounds to contribute passionately to new innovative ideas , fostering company potential for new products and markets.

According to Derven (2014) diversity and inclusion is a recipe for success for companies who want to be truly global. Derven (2014) argued diverse and inclusive culture aid companies to fulfill customer needs, through broad range innovative ideas and solutions produced by diverse teams. According to Lopez and Cottrill (2013), diversity is the focus on demographic make-up of groups and organizations, while inclusion is the promotion of active participation in company business activities.

2.7.2 South African diversity and inclusion agenda

Due to SA past history of racial, ethnic and gender exclusion in the workplace; diversity and inclusion is an urgent topic on any business strategy intent. According to Grobler et al; (2011) government gazette legislations such as Employment Equity Act and Broadbased Black Economic empowerment to address previous imbalances in terms of race and gender representation in the workplace. According to Grobler et al (2011), SA business must acknowledge the presence of diversified workforce and find smart method to integrate energies, talent and differences to succeed.

Grobler (2011) advocates diversity training as a starting point for diversity and inclusion, starting with the top management and cascade downwards as per organisation structure. Diversity training empower employees to acknowledge and value all employees at work irrespective on how they differ from them and eliminate stereotypes to facilitate the smooth functioning of work teams. According to Grobler (2011) diversity training do not always succeed due to the following reasons:

- Facilitator personality traits and ethics being preferred as benchmark
-
- Facilitator uses training to elevate certain hidden agenda.
- Conducting training as a tickbox exercise rather than educating staff about the importance and benefits of diversity and inclusion.

- Conducting diversity and inclusion for political correctness rather than investing and entrenching the diversity and inclusion culture.

The frequently used diversity model by SA companies is the famous freeze-unfreeze model (**Figure 2.10**).

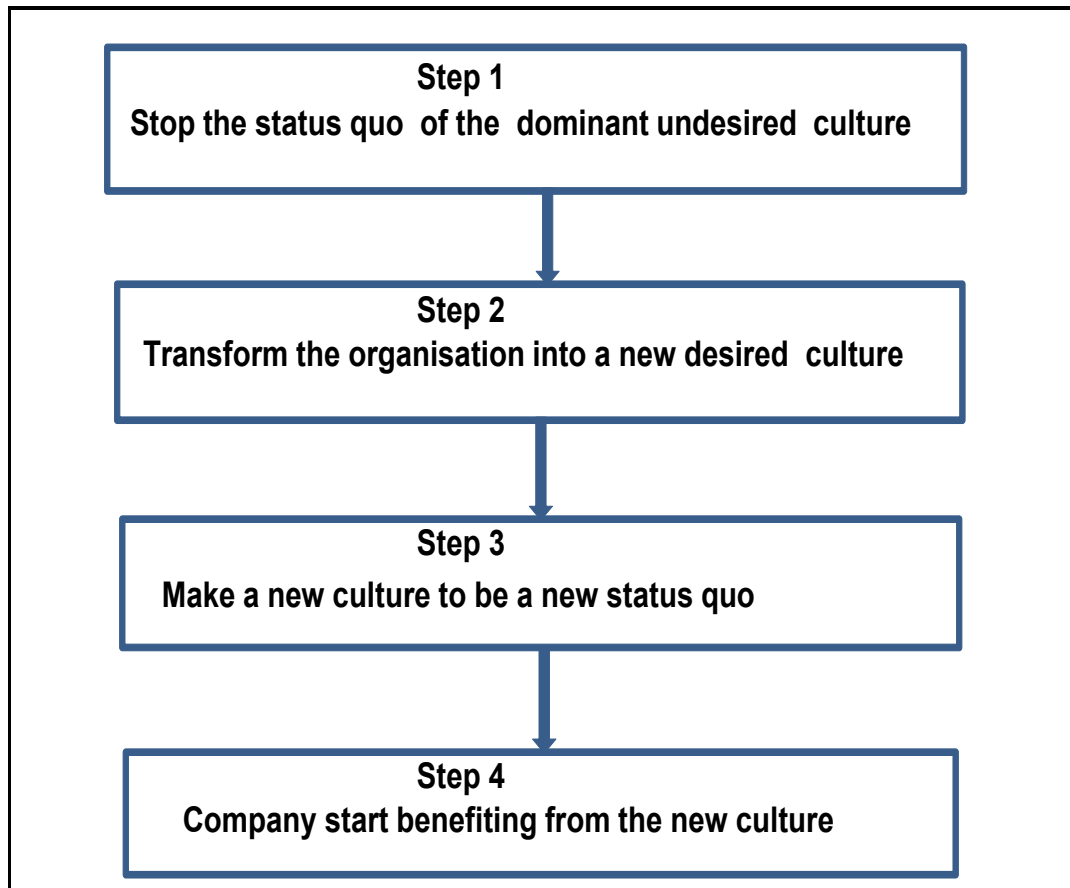


Figure 2.10: Lewin three-step diversity model

Source: Allen and Montgomery (2011), p155

The Lewin diversity model (**Figure 2.10**) is summarized as:

Step 1 Unfreezing

Management starts the practice of stopping the dominant but no longer acceptable organizational behavior. All company systems are modified to promote diversity. The executive develops and promotes a diversity and inclusion agenda and roll it out using speeches, letters, town-hall meetings and establish diversity committees.

Step 2 : Moving

Upon unfreezing the culture, management must proceed to achieve diversity through a number of steps e.g. recruitment targeting under-represented, internship programs, training and educational programs etc. The greatest step in moving to achieve diversity is the initiation of diversity training for all staff.

Step 3: Refreezing

Diversity and inclusion will only be achieved if the steps undertaken in step 2 are institutionalized i.e. establishing a new culture of diversity and inclusion.

The benefits and rewards of diversity and inclusion are listed in step 4, which are:

- Competitive advantage as diversified teams brings more innovative ideas.
- Improved creativity and decision making since decision are now taken having considered all views including minority views.
- The diversified employee teams lead to more marketing ideas on how to infiltrate diversified markets.
- The result is increased sales and market share.

According to Moore (2013) in order for SA to reach its next level of economic, social and environmental performance, traditional masculine workplace structures must give way to more diverse approaches that blends masculine and feminine values. Moore (2013) further argued that we must unfreeze the current status of workplaces structured around man needs, to avoid losing capable women in leadership roles in the workplace.

Whitefield (2015), reported that a 12 year study by the Boston based Quantopian research company found that companies with female CEO's delivered equity returns of 226%. Internationally, according to Whitefield (2015), a survey which tracked 28000 executives in 3000 companies and 40 countries, revealed the return on equity for companies with 10% female executives was 27% more compared to companies run by men demonstrating the benefits of diversity and inclusion.

2.7.3. SAPREF diversity and inclusion agenda

Diversity and inclusion at SAPREF is still a new concept in its infancy, but gaining momentum as no talent management strategy will be successful without diversity and inclusion. Due to the recent history of SA, diversity and inclusion at SAPREF is the mirror of the broader SA diversity and inclusion landscape.

2.8 Summary

The chapter provided in-depth explanation of the concept of talent management strategy and its integration to the business strategy. Different models of talent management were presented. The talent management was discussed in the context of the research objectives, namely talent sourcing and retention, succession planning, competency development and employee engagement and diversity and inclusion.

Effective talent management strategy begins with the recruitment of great talent to the organization. The recruitment of great talent must align to the business current and future needs. Once recruited, talent must be nurtured and taken care to achieve retention and business continuity.

The concept of succession planning and its importance was adequately explained. Different methods of achieving competency development are highlighted notably job rotations and work assignments in addition to formal classroom training.

The latest development in talent management strategy is employee engagement, diversity and inclusion as companies realized the importance of diverse talent and culture within teams to come up with innovative ideas and enter new markets as a result of opportunities that are provided by globalization.

The next chapter discusses the research methodology that was employed in pursuing the research. Qualitative and quantitative techniques are discussed, followed by a discussion on questionnaire technique and lastly the analysis and interpretation of data including reliability and validity of the study.

CHAPTER 3

RESEARCH METHODOLOGY

3.1 Introduction

This chapter highlights different types of research approaches and the researcher choice of the quantitative paradigm for this study with emphasis on the following:

- Research methodology (qualitative and quantitative research) and the rationale for choosing the method.
- Research design and research instruments to be used.
- Data collection method and analysis.
- Validity and reliability of the study (confidence level significance).

3.2 Dimensions in research

According to Quinlan (2011) research is about the creation of new knowledge to solve daily problems. Several other writers (Breyman and Bell, 2011; Ghauri and Gronhaug, 2010; Saunderson and Lewis 2011; Walshaw, 2012) all concur the widely held view that research is linked to everyday life trying to understand phenomena to find solutions to daily problems. Sekaran and Bougie (2013) define research as an action of creating solutions to problems through detailed study and analysis of situation factors. Saunders (2002) defines research as an undertaking to solve problems in a systematic way. According to Buckley et al. (1975) any explanation of research action must include these generic statements:

- Research is a systematic investigation of a well defined problem.
- Relevant experimental methods must be employed.
- Sufficient and fully representative data as evidence be collected.
- Deductive reasoning be used to reach conclusions after analysing data.
- The investigator must show reproducibility and reliability of the research findings.
- The research findings be generalisable and can be extended to similar conditions in the future.

Sekaran and Bougie (2013) define business research as an organised attempt to systematically define, analyze and solve work related problems to deliver an immediate workable solution. Johnston (2014) shared similar view defining management research as attempts to analyse and explain management activities to solve problems within organisational settings.

Research is divided into two categories, the two categories reported in **Table 3.1**:

Table 3.1: Explanation of basic and applied research

Basic research	Applied research
Aimed at contributing to the body of knowledge used to comprehend and solve general problems	Directed at resolving immediate work related problem encountered by management.
Generate theory and facts of the study of interest	
Generate hypothesis from the research findings	
Basic research theories outline basis of advance studies	
Knowledge generated from basic research is often applied to solve organisational problems	

[www.businessdictionary.com] accessed on 07 March 2015.

Source : < internet source 1>

3.3 Importance of Literature review

According to Guzman (2013) and Svenson (2013) theory is the biggest guide on how to conduct research. A critical literature entails the sourcing of peer review journals and unpublished research on the subject of study, careful selection of related research the safekeeping of this research for further reference and citation. A good literature survey must incorporate all the previous learnings for maximum construction of research methodology for the research project. Haugh (2012) argues that critical

literature review is paramount to give legitimacy and acceptance of the research findings.

According to Bluhmet et al (2011) literature review is important in determining the approach that will be followed by the researcher, since the nature of literature will influences, possibly dictate the direction to be pursued by the research study. Johnston (2014) argues that many researchers use previous research as a guide to follow to give credibility to their work as well as for reliability and validity.

A thorough review of literature guides the researcher on appropriate methodologies that have been employed by other scholars to adequately address the research questions. Knowledge of research methods used allows the researcher to replicate methods, which save both time and effort. Finally research methods aid the researcher in relating findings of his research work to that of others, and thus consolidate the research in a wider academic debate. In a contrasting view advanced by Alveson and Sandberg (2013), there is a caution against over reliance on previous research, with the view that previous research as found in literature do not always guarantees rigour and lack of challenge might result in non production of new knowledge.

Saunders (2002) concur that a literature survey is important and demonstrate the existing knowledge of the topic and limitations of the current research. Sekaran and Bougie (2013) emphasised that effective critical review of the literature is largely dependants on the thorough reading of peer reviewed journals, books, government reports, dissertations, newspapers, internet and practioner magazines.

3.4 Research Paradigm

A paradigm is a world view or set of assumptions about how things work. In research two famous approaches in pursuing are:

- Qualitative research methodology and
- Quantitative research methodology.

Amaratunga et al; (2002) re-emphasised the existence of the two well known schools of thoughts on how best to conduct research. According to Sekaran and Bougie (2013); the two well known advocated research paradigm are logical positivism and phenomenological interpretive inquiry paradigm. The logical positivism uses quantitative approach and interpretive inquiry uses qualitative approach. Easterbery-Smith et al, (2012) in defining positivist approach as one that concludes the world is external and should therefore be measured by objective methods, in contrary the interpretivist approach concludes the world is open to interpretation.

3.4.1 Qualitative research methods

Sekaran and Bougie (2013) defines qualitative research as investigation aimed at exploring deep understanding from multiple perspectives. Rajeskar (2013) listed the attributes of exploratory research as:

- Does not employ numbers, rather uses words instead of numbers.
- Aimed at getting the sense, emotions and relating to the situation.
- The use of graphs is not applicable.
- It is foundational, and its results are used for further quantitative studies.
- Interrogates the logic and reasoning of decision making.

The qualitative approach though robust has the following limitations:

- Results from qualitative studies cannot be used to generalize the entire population.
- It is not easy to apply statistical analysis.
- It is not easy to draw correlations between variables.

3.4.2 Quantitative research methods

Quantitative study entails the assigning of numerical and statistical data to feelings and emotions. Quantitative data can be measured, arranged, and categorised in a objective way. Rajasekar (2013) articulated that quantitative approach is meant to give details of

numeric evidence that support application on the phenomena to the general population. Rajasekar (2013) characterized quantitative research as:

- Numerical, non-descriptive
- Suitable for statistical analysis
- Quantitative data can be plotted into graphs
- It is conclusive
- Results can be applied to a general population
- It investigates the what, where and when of decision making

Mchunu (2010) describes quantitative approach as applying numeric and statistic analysis to investigate a well defined problem. Sekarane and Bougie (2013) stated that quantitative research is carried out with positivism with emphasis on the robustness and consistency of the study observations and generalization of the results.

Quantitative research is deductive and tests the theory. According to Ghauri and Gronhaug (2003) the fundamental difference between quantitative and qualitative approach is the ability of the quantitative research to transform measurement of study topic into numeric ranking thus quantifying the level of the feeling being measured. According to Amaratunga et al (2002) the quantitative approach has the following attributes:

- Findings applicable to the general population.
- Eliminates researcher biasness as the data is a numeric measurement.
- Numeric measurement ensures subjectiveness.
- It is easy to statistical determine internal consistency of measurement.

The quantitative research methodology uses mostly questionnaire to collect data. The disadvantage of questionnaires is a low response rate (30% considered acceptable). According to Rowley (2014) questionnaires are generally used in business, management and social sciences research and are the simplest, least expensive and

most widely used technique for gathering data from research participants. Questionnaires can be distributed to respondents by mail, electronically or personally.

Sekaran and Bougie (2013) describe survey as a data collection tool used to collect information from study participants to express their feelings and opinions, beliefs and behaviors. A well designed survey system must articulate clear reasons for the study, well design instrument to measure internal consistency, data handling technique and dissemination of the findings.

3.4.3 Method chosen for this study

The qualitative and quantitative method both have their own advantages and limitations. Qualitative method is mostly suitable for exploratory studies, when little is known about the subject. This is in direct contrast to the quantitative approach that is applied to gauge emotions and reasons for human behaviour. According to Amaratunga et al; (2002); the research design is chosen according to the research climate; with a data collection methods and analysis thereafter.

The quantitative approach was used to pursue the study due to the following factors:

- Respondents that participated in the research were identifiable and known (managers at different levels) and were in a position to provide meaningful data.
- The findings of this study would be generalized to the broader organisation (SAPREF-population) to assist SAPREF to fulfill its vision.
- The quantitative study provided numerical rating of information hence would assist SAPREF leadership to prioritise areas that need urgent attention.
- Statistical techniques were applied to determine relation between variables.

3.5 Sampling

According to Sekaran and Bougie (2013), sampling is the collection of an adequate amount of representative elements from the study population, and comprehend the attributes of the element such that it is possible to generalise the finding to the target population. Rowley (2014) listed the following stages of sampling:

- Identify and define the target population of interest.
- Determine the sample structure.
- Select a sample using an appropriate applicable sampling technique.
- Determine the required size of a sample in relation to population.
- Execute sampling process.

Rowley (2014) highlighted sampling as the important aspect of the research, hence the importance of sampling methods. Other authors notably Bryman and Bell (2011), Sue and Pitter (2012) gave a detail argument on the advantages and disadvantages of diverse sampling techniques.

The summary of different sampling techniques as provided by Rowley (2014) is reported in **Table 3.2**.

Table 3.2: Different sampling types

Sample type	Description
Probability sampling	
Random	Elements are selected at random, with no particular preferences.
Stratified	Elements are profiled as per study objectives (such as job level, number of years worked) and a representative sample is chosen from every category
Cluster	Targeted study elements are separated according to clusters segments (province, by city) and a sample is chosen at random
Non-probability sampling	
Systematic	Representative elements are chosen by following a sequence (5,10,15 etc)
Quota	Representative elements are chosen on the base of set criterion to guarantee that the element is across targeted elements.
Purposive	The sample is handpicked to participate in the study and the investigator has some prior knowledge regarding the sample.
Convenience	The representative element is drawn from populations which are reachable e.g. organisation in a different province
Snowball	A small number of key elements are chosen and requested to suggest other related persons.

Source: Rowley (2014), p319

Rowley (2014) explained probability sampling as where all representative elements of the targeted population have an equal mathematical opportunity of being chosen as study participants, and the opposite is in non-probability sampling. In probability sampling, a sample is a representative of the targeted study population and allows statistical generalization of the targeted population of the study to be credible. For non-probability sampling technique, representative elements do not have a predestined opportunity of being chosen as study subjects.

The study employed probability sampling as representatives of the population (managers) were of importance in wider generalization of the results. In probability sampling every manager in the population of managers (as found in the organisation structure) had an equal chance of being chosen. The choice of using probability sampling for this study was motivated by:

- Every manager represented the population of managers at different levels and had a chance of being selected.
- All the managers at SAPREF were known and database was available as per organogram.
- The probability sampling will produce unbiased findings and those findings can be generalized to the population of managers at SAPREF.

The use of any sampling technique other than probability sampling, would have resulted in unequal chance of selection for managers to participate in the study; hence the suitability of probability sampling for this study. In non-probability sampling, managers would have been selected based on assumptions of regarding the population of interest, whereas in probability sampling elements of the population are accurately known (the number of managers in the organisation, the job level in which they occupy). The non-probability makes it difficult to generalise the findings of the sample to the population.

The target population for this study were the total number of managers defined as:

- Top management - Leadership Team (LT),
- Senior management - Extended Leadership Team (ELT) and

- Middle management - Zone Leadership Team for simplicity referred in this study as MM.

The total population of this study consisted of 80 managers, with the total breakdown between different levels of management reported in **Table 3.3**.

Table 3.3: Target population and sample of managers

Population type	Number	Sample	% population
LT	10	7	70
ELT	30	21	70
M M	40	32	80
Total	80	60	75

The managers at all levels of the organisation met the criteria for the target population; since they are the crafters (LT and ELT) and executors (MM) of the talent management strategy.

3.6 Data collection method

According to Rowley (2014) data collection in a quantitative study for management, business and social sciences research is achieved by using a questionnaire. Sekaran and Bougie (2013) describe data collection as a planned scientific technique that is employed to gather information from the respondents. The purpose of data collection is to generate reliable data that is usable for decision making in the business. In research there are two sources that are used to obtain data, they are primary sources and secondary sources. Data is further categorized into primary data and secondary data. Sekaran and Bougie (2013) refer to primary data as the initial information gathered by the investigator on the variables of significance to definite objectives of the study. Sekaran and Bougie (2013) went further to define secondary data as detailed knowledge gathered from publications such as universities, government record, media and internet and peer reviewed academic articles.

There are different data collection methods in research, each driven by the type of research approach being pursued. Data collection methods include interviews, observations and questionnaires.

3.6.1 Interviews

Interviewing is a useful data collection technique used in exploratory stages of the qualitative research. Interviews can either be structured or unstructured. Sekaran et al; (2013) defines structured interview as one in which an interviewer is aware at the beginning of the type of information he requires from the study participants. The interviewer compiles a list of pre-determined questions to ask respondents. Interviews can either be personal (face-to-face), telephonically and via the computer i.e. computer assisted interviewing (CAI)

Each type of interview has its own unique advantages and disadvantages. In a direct interview the investigator can adjust the questions as required, simplify uncertainties and make certain that questions are clarified. The biggest limitation is the cost of training the interviewer to minimize interviewer bias. Telephone interviews have the advantage of reaching a number of respondents in a relatively short period of time. Telephone interview eliminate the discomfort the respondent feel when facing the interviewer, e.g. facial expressions of the interviewer. The biggest disadvantage of the telephonic interview is the power the interviewee posses such as stopping the discussion by hanging up the phone.

The CAI operates by displaying questions on the computer monitor and respondents enter replies straight into the computer. The CAI offers accurate results and the drawback being it needs respondents who are computer literate.

3.6.2 Observation

Sekaran et al; (2013) define observation as a deliberate study, making audio or video recordings, studying and understanding the events. Various methods of watching are used in management research and are categorized by four important dimensions,

namely: control observation in artificial or natural setting, participant versus non participant observation, structured observation and concealed observation.

Sekaran and Bougie (2013) described controlled observation as one carried out under carefully managed conditions. In a controlled observation, the setting is manipulated by the researcher in order to observe differences between individual behavioral reactions to the situation. Controlled observation may be carried out in a laboratory or in a simulated field experiment. Uncontrolled observation is an observational technique of observing research subjects in their natural settings.

Sekaran and Bougie (2013) defined another type of observation called participant observation. In participant observation, the researcher role plays one of the two roles during the process of gathering data. In participant observation the researcher gather data by participating in the daily life of the group or organization under study. During non-participant observation; the researcher observes from outside the actor visual horizon like in the camera.

Observation studies (both participant and non participant) are capable of being structured or non-structured. In structured observation, the format for recording observations is specifically designed and tailored to the study of interest, and is applicable mostly to quantitative studies. In qualitative research studies, a researcher may observe events as they take place as part of the recording practically everything that he sees; this type of observation is unstructured observation in contrast to the structured observation.

Another approach of observation is when the researcher observes the research subjects without them being aware they are investigated for a certain study. This type of observation is called concealed observation, and Sekaran and Bougie (2013) cited the biggest advantage being that research subjects are not influenced by the awareness of being observed.

3.6.3 Questionnaires

According to Rowley (2014), the survey questionnaire is the preferred and convenient mechanism to collect data, especially in business and management research and social sciences research. Rowley (2014) states that questionnaires are used to conduct quantitative research, whereby a researcher wants to assign numeric importance to the data. Questionnaires are cost effective and less labour intensive in comparison to interviews and observations. Questionnaires are designed to collect large numbers of quantitative data. Rowley (2014) explained that questionnaires are suitable when gathering data from a wider spectrum of population in order to generalize the research findings.

Questionnaires are the preferred and most effective technique for gathering data in business research due to their efficiency and cost effectiveness. A questionnaire though being preferred and an efficient data collection mechanism, has a drawback of low response rate. The questionnaires are suitable to collect massive volume of quantitative data. Questionnaires can be manually administered, be distributed by post to the study participants or be emailed via computer.

The questionnaire method was chosen to gather data for this research due to the following reasons:

- Research objectives were to profile the managers using numeric basis (age, job level, numbers of years worked in organisation).
- To meaningfully tally the frequency of occurrence of views and beliefs of managers to the talent management strategy to establish the overall pattern.
- Though talent management is practiced at SAPREF, there is a need to evaluate the talent management strategy by formulating noteworthy probing questions as part of the questionnaire.
- Eager study participants (managers at different levels) were identifiable, using company structure, and the managers can offer significant information towards the study.

- Research approach is quantitative and seeks to attach numeric data to attitudes and beliefs of managers regarding the executing of talent management strategy at SAPREF.
- The sample consists of managers from different levels, making it possible to extrapolate the results of the study general populace of managers.

The choice of method for administering questionnaires is dictated by the size of the study and location of the study, localized or geographically spread. Manual distribution of questionnaires is effective when the research is restricted to the local site (e.g. SAPREF site). The main advantage of personally administering questionnaire is that follow up and return of completed questionnaires is easy and within a short time frame. However caution must be exercised by the researcher when personally administering questionnaires not to introduce bias in the form of explaining questions differently to different people.

Data collection for studies that involves research subjects located in different areas is best achieved using mailed questionnaires. The biggest disadvantage of the mailed questionnaires is the low response rate. Bryman and Bell (2011) advise of a study that achieve as low as 37% response rate as excellent. According to Rowley (2014), 20% response rate is regarded as sufficient. The use of the mail and electronic questionnaires must be communicated in advance to the respondents to encourage the timely completion of the questionnaires. The electronic questionnaires are easily designed and administered in today computer/digital age; but the respondents must be computer literate or the researcher risks a worse response rate. From the above discussion the choice of administering questionnaires is influenced by location of the study and education level of the research subjects. The advantages and disadvantages of different questionnaires as given by Sekaran and Bougie (2013) are reported in **Table 3.4.**

Table 3.4: Merits and demerits of different types of questionnaires.

Method of data collection	Advantages	Disadvantages
Manually administered questionnaires	Can create a bond and encourage study participants. Uncertainties can be cleared. Cost effective when given to a large group of study participants. High rate of response	Clarifications may bring in a bias.
Post administered questionnaires	Cover a huge geographic area. Study participants complete questionnaires at their convenience.	A not so great response rate. No opportunity to explain research questions.
Electronic distribution of questionnaires	Simple to administer. Suitable for studies scattered across the big geographic area. Can reach globally. Very inexpensive. Quick delivery. Study participants can respond at their leisure similar to post questionnaires.	Require computer literate respondents Respondents must be eager to finish the entire survey.

Source: Sekaran and Bougie (2013), p148

The questionnaire for this study was personally administered since the research is confined to SAPREF site; and all the respondents are based at SAPREF with the researcher. Other reasons for personally administering questionnaires for this study were:

- Questionnaires were delivered in a personalized envelope, thus creating a bond between the researcher and respondent (SAPREF managers).
- Following up was easier, as the researcher and respondents regularly meet in business meetings.

- The research topic had resonance amongst many managers, as talent management and people agenda is a high profile topic.
- Less expensive, questionnaires administered into a group of respondents (managers) in one of their meetings.
- A high response rate was guaranteed.
- The HR team was going to assist in notifying managers in advance.

3.6.4. Questionnaire design

The questionnaire design is as important as the questions contained in it; sound questionnaire design principles go a long way in reducing/eliminating confusion and bias. Sekaran and Bougie (2013) listed the following fundamental principles for good questionnaire design:

- Wording of questionnaires
- Categorization, scaling and coding of variables after receipt of responses.
- General appearance of the questionnaire.

Appropriately worded questionnaires motivate the respondents to answer questions diligently and to the best of their ability. Sekaran et al (2013), Arab et al (2012) and Rowley (2014) concur that generic principles of good worded questionnaire are:

- The suitability of the substance;
- Phrasing of statements and the degree of complexity of the language used;
- The nature of statements;
- The order used to sequencing questions;
- The private information must not be requested from the study participants.
- Number and length of questions.

The type of the questions must be related to the content of the objectives of the research. Questions must reflect the nature of the variable being investigated and weak or strong feelings about the variables be scaled accordingly.

The questionnaire design for this study (Appendix 1) had a total of 25 questions. The first section (Section A) of the questionnaire contained personal information such as gender, age, highest qualifications attained; position occupying, section and years of service in the company. The personal data was used to characterize the sample. The second section (Section B) had 20 questions divided into five set of questions per objective. The grouping of questions per theme (objective) allowed testing for internal consistency (reliability). The biographical information was at the beginning of the questionnaire to facilitate easy progression of the respondents from easy questions to questions that demanded more thinking.

Respondents were requested to fill the informed consent form (Appendix 2) which explained the purpose of the study together with the ethical clearance certificate (Appendix 3), prior to completing the questionnaire. The gatekeepers letter (Appendix 4) signed by the HR manager was attached to the questionnaire to assure the respondents that the study was supported and sanctioned by SAPREF and that their honest opinions were in the best interest of the organisation.

Rowley (2014) cautioned against the use of sophisticated language, emphasizing that questionnaires must use the language that the respondents (managers) understand. The use of complex and sophisticated was avoided, rather kept simple for the study participants (managers) to understand instead of highly academic language. The choice of appropriate language prevented the misunderstanding or misinterpretation which could have led to wrong or misleading answers. Appropriate language assisted in extracting respondent feelings, attitudes and perceptions to the best of their abilities.

Rowley (2014) encourages the use of closed questions to allow respondents to make quick decision and to achieve a high response rate. Rowley (2014) and Bryman and Bell (2011) argue that closed questions facilitate coding of information to make data analysis easy. The funneling approach is highly recommended in the sequencing of questions in the questionnaire. Rowley (2014) advocates the clustering of questions under a similar theme before moving to the next set of questions. The recommended

progression was from general to specific questions related to the content. The general questions related to biographical information (income details and name of the respondent not recommended) which did not demand thinking and to more difficult questions that demanded thinking, judgment and decision making in providing answers.

3.6.5. Analysis and interpretation of data

Analysis and together with interpretation of data are the important stages of the research, the following preparatory stages as advocated by Rowley (2014) were undertaken:

- Questionnaires were checked one by one for completion.
- Excel based spreadsheet was developed to create a database to capture data from the questionnaire into the database.
- Data was cleansed by checking for omissions or mistakes.
- The Excel database was exported into a Statistical Software (SPSS v18)

Descriptive statistics was used to analyze and interpret raw data. The following output was generated to assist in the interpretation of data:

- Profile analysis of the respondents one variable at a time (i.e. age, level of education, job level, number of years worked in the organization).
- The Kraskus-Wallis test to gauge the attitudes and beliefs of managers to talent management.
- The Chi-square test to determine relationship between the two variables (especially questions with yes/no as an option).
- The Cronbach' alpha coefficient to test internal consistency of data (reliability).
- Cross-tabulation frequency table to establish the relationship between the two variables.

3.6.6 Measurement

A researcher administered questionnaires to the respondents and received numbers as a response to the research questions. The numbers were analyzed using quantitative and statistical techniques and interpreted against literature to arrive at research

findings. Measurement was performed by assigning numbers to answers and allowed the researcher to perform statistical analysis of the data, to test hypotheses and to effectively communicate results. A Likert scale was used to assign a number to give indication how respondents expressed their opinions, attitude and beliefs regarding the objectives of the study. The Likert scale used a 5 point scale to examine the respondents feelings, beliefs and attitudes towards research questions.

3.6.7 Reliability

According to Marr-Lyon et al (2013), reliability is the consistency of the measuring instrument. A reliable test is one that yields the same measurement or comparable result every time. Reliability was estimated by performing an internal consistency test using Cronbach's Alpha coefficient.

Internal consistency technique estimated reliability by combining statements in a questionnaire that assessed the similar theme. There are several measures of reliability found in literature as observed by Tavakol and Dennick (2011). These reliable estimates are factor analysis, generalisability theory, item-response theory, half-split techniques and Cronbach "alpha index.

Tavakol and Dennick (2011) promotes the Cronbach's alpha coefficient named after by Lee Cronbach as the most reliable measure of internal consistency. Similar view is shared by Gliem and Gliem (2003) who advocates the use of Cronbach alpha to report internal consistency when using Likert type scale. Marr-Lyon et al, (2013) describes Cronbach's alpha as the accurate estimation of reliability. The Cronbach alpha (α) as defined by Tavakol and Dennick (2011) is expressed as a number between 0 and 1 covering the different acceptability ranges as reported in **Table 3.5**.

Table 3.5: Range of Cronbach alpha values and their acceptability

Cronbach's alpha	Internal consistency
Alpha above 0.9	brilliant
Alpha between 0.7 and 0.9	Good
Alpha between 0.6 and 0.7	satisfactory
Alpha between 0.5 and 0.6	Poor
Alpha less than 0.5	undesirable

Source: adapted from Gliem and Gliem (2003), p87

Reliability of this research was determined using Cronbach's alpha, due to the following reasons:

- Most reliable measure of internal consistency for social sciences or business research.
- Research questions in a questionnaire are grouped in a set of five questions per objective (making it easier to measure reliability as questions measure the same theme).
- The questions had a Likert-scale as recommended by Gliem and Gliem (2003)

3.6.8 Validity

Tavakol and Dennick (2011), defined validity as the precision of an instrument measurement. Validity strengthens the research conclusions, inferences and propositions. Tavakol and Dennick (2011) defined additional types of validity generally tested in social research:

- Ending validity which explores the relationship between the two variables.
- Internal validity that explores the causal relationship.
- Construct validity, difficult to understand as it seeks to generalize.
- External validity which is the capability to apply the result of the research to general settings.

3.7 Pilot testing

Pilot testing of questionnaire is undertaken to improve the efficacy of the questionnaire.

According to Baker and Foy (2008) research pre-test; ensures statements are consistent, make sense, not complex and time needed to complete the questionnaire is realistic. Rowley (2014) suggested a pre-test to be done with potential study participants, but few questions can be completed by members of the HR team.

The pilot testing for this study was conducted soon after ethical clearance was granted, by administering questionnaires to 5 managers of the targeted population and one was administered to the HR manager for input especially on the acceptability of the language used. The respondents of the pilot questionnaire were:

- A member of the Leadership Team.
- An HR manager who is also on Leadership Team .
- Two questionnaires were administered to ELT members
- Two questionnaires were administered to middle managers.

The feedback from the pilot testing led to further changes in the questionnaire such as rewording of the questionnaire (e.g. removal of the word business unit and replaced by department since SAPREF does not use the word business unit)

The feedback from test questionnaire led to:

- Estimation of the average time (25 minutes) taken to complete a questionnaire.
- Improvement of the instructions regarding the completion of the questionnaire.
- Confirmation of the appropriateness of the language and wording used in the questionnaires.
- Removal of problematic questions and replacing them with easy to understand questions.
- Improvement of the layout; content; wording, language and sequencing of the questions.

3.8 Limitations of the study

According to Rowley (2014) and Sekaran and Bougie (2013) there is no research without limitations. Researchers are expected to have an appreciation of their study limitations and make reasonable decisions on how to optimally utilize the limited resources; especially time.

According to Rowley (2014), researchers design questionnaires from their own view of the world and respondents will answer questions from their own view of the world. Limitations of the research that might have an effect on the interpretation of the study findings may be due to:

- The sample size,
- The degree to which the research is subjected to error of sampling technique.
- The study participants response rate.
- Problematic questions that were not clearly understood.

The limitations foresaw for this research were :

- The experience, number of years in the organization might have induced different responses to the study.
- Another limitation is that managers at different levels see talent management from different perspectives.

3.9 Summary

This chapter covered the research methodology use in the research. The basic and applied research was adequately explained. The study used quantitative research methodology to solve the workplace problem, since the results of the quantitative research can be applied to the general targeted population.

The questionnaire design: layout, wording of questions, sequencing of question and time taken to complete the questionnaire was important in ensuring proper answers were received from the respondents.

The chapter highlighted the different questionnaire administering techniques, namely personal administering, mailed and electronic questionnaire. The questionnaire for this study was administered personally since the researcher and respondents are all based at the same site.

The reliability of the study was achieved by determining the Cronbach's alpha coefficient to aid the acceptance and generalisation of the study findings. Sample choice, (i.e. top, senior and middle management) was motivated by the fact that these groups of employees are both crafters and executors of the talent management strategy.

The choice of personally administering questionnaire was made because of its immense benefits, such as 100% response rate making the study results valid and reliable. The pilot testing of questionnaire ensured that the wording, layout and unambiguous questions were rectified before the questionnaire was distributed to the respondents.

The data analysis was performed by means of quantitative and statistical techniques. The respondent profile analysis, Kruskal-Wallis test and Chi-square test was used to quantify the results. It must be noted that every study has its own limitations, and with emphasis on the response rate for this study since the population of managers is small (80) and the targeted sample is 60, requiring a 100% response rate for the study to be reliable.

The next chapter presents and discuss the results of the study. The chapter begins by presenting the profile analysis of the respondents according to age, gender, position, education and number of years worked in the organisation. The discussion of results is presented according to each objective covering the quantitative analysis, statistical analysis (Kruskal-Wallis test, Chi-square test) and reliability using Cronbach's alpha constant.

CHAPTER 4

PRESENTATION AND DISCUSSION OF RESULTS

4.1 Introduction

This chapter presents the results and discussion from the quantitative study undertaken. The data for the study was captured in an Excel spreadsheet and exported for processing to SPSS version 18 for data analysis to produce results. Section A of the questionnaire collected biographical information such as gender, age, education, job level and number of years worked in the organisation. Section B of the questionnaire contained a set of 5 structured questions grouped according to a study objective. The questions were answered using a 5 point Likert scale. The results are presented as per study objectives, which are to:

- Establish the role of talent sourcing and retention to meet business objectives.
- Analyze the role of succession planning in achieving business objectives.
- Determine the role of competence development in sustaining business objective.
- Investigate the role of continuous engagement and diversity inclusion in achieving business objectives

Descriptive statistics is used to present results in the form of graphs and tables. A p value < 0.05 was deemed to be statistically significant. The chapter provides brief summary of statistical tests, a Kraskul-Wallis test for Likert scale questions; Chi-square test for close (yes/no) type questions. The reliability of the measurement was done by determining the Cronbach's alpha coefficient.

4.1.1 Age profile of the study participants

The sample of the population was segmented according to age, gender, job level, education level and number of years worked in the organisation. The age of study participants is reported in **Table 4.1**.

Table 4.1: Age profile of study participants

Age Range	Job Level			Total (N)
	LT	ELT	MM	
≤ 35	0	0	17 (100%)	17
36 - 50	5 (20.0%)	13 (52.0%)	7 (28.0%)	25
51 - 65	2 (11.1%)	8 (44.4%)	8 (44.4%)	18
Total	7	21	32	60

Percentages based on age range i.e. by using total count per row

According to Table 4.1, of the 60 study participants, 7 comprised of top management (LT), 21 from senior management (ELT) and 32 from middle management (MM). The majority of participants were aged between 36 and 50 years. This group represented almost 42% of the respondents. This was followed by participants that were 35 years or younger (28.3%) and participants between the ages of 51 and 65 (30%).

Arranging age distributions by management level revealed that neither top management nor senior management had respondents younger than 36 years old. Top management had 5 respondents between the ages of 36 and 50, and 2 respondents between the ages of 51 than 65. Senior management and middle management had the majority of the 18 respondents older than 50 years, each with 8 members. Senior management also had the majority of respondents aged between 36 and 50 (52%) of the three management levels.

The age profile of the respondents reflects the generational mix currently employed at SAPREF. It is interesting to note that middle managers are mostly younger than 35 years of age, making them candidates for talent pipeline and retention. All retention strategies must target primarily this group as it has the longest number of years to remain in the organisation. According to Strydom et al, (2014), the high potentials targeted for retention strategies have an average age of 35 and have been with the company less than five years.

4.1.2 Education level of the participants

The education level of the study participants is depicted in **Table 4.2**. The majority of the respondents either have a university degree or a diploma. This represents a total of 45 (75%) of the 60 participants. Within this category, middle management contained the majority of the participants (almost 58%) that had either a degree or a diploma. This was followed by senior management (28.9%) and top management (13.3%).

Table 4.2: Education level of study participants

Highest Educational Level	Job Level			Total Count
	LT	ELT	MM	
High School	0	4 (67%)	2 (33%)	6
Trade Test	0	0	1 (100%)	1
University Degree / Diploma	7 (13.3%)	12 (29%)	26 (58%)	45
Masters / MBA	0	5 (63%)	3 (38%)	8

Percentages based on highest educational level

Senior management had the most masters graduates (5) followed by middle management with 3 masters graduates. The highest level of education for top management is the university degree / diploma.

The education profile for the respondents reveals that middle managers and senior managers have either a post graduate degree in engineering and/or management. Considering that senior managers of today will be the top managers of the future, and middle managers of today will be the senior managers of tomorrow this picture is very encouraging for the talent management strategy of SAPREF.

4.1.3 Segmentation by gender of the study participants

As expected, due to historical reasons, the refining industry is still a male dominated industry (**Table 4.3**) with majority (68%) of the study participants being male and 32% being female. The majority of the females are represented in the middle management category.

Table 4.3: Gender distribution of respondents

	Frequency	Percent
Male	41	68
Female	19	32
Total	60	100

There is a need to increase female representation in management and other specialist positions. The female employees represent the candidates to address diversity and inclusion in terms of gender, age as most are young and have few number of years worked in the organisation. However top female talent is scarce and in demand within the industry posing a retention challenge. The education system (both at school and university level) needs to produce a higher proportion of female engineering graduates to address the diversity question.

According to DHET (2013), the total student population in SA universities comprises 58% females and 42% males; however majority of male students are registered for under/post graduates degrees in engineering and business management. The latest ECSA (2013) annual report paints a more disturbing picture of more male candidates engineers compared to females, even though the doors of learning have been opened to all after 1994. The statistics for ECSA professional category and candidate category registration are reported in **Table 4.4**.

Table 4.4: ECSA (2013) Statistics for registered engineering professionals

	Total	Male	Female
Professional Engineer	15036	14475	561
Professional Technologist	4479	4300	179
Professional Technician	4107	3664	443
Candidate Engineer	7016	5687	1329
Candidate Technologist	2740	2173	567
Professional Technician	4750	3467	1283

4.1.4 Segmentation according to a number of years worked in the organisation

The results of the study as shown in Figure 4.1, revealed that 30% of the managers have been working for the organisation for more than 20 years. Fifty percent of these were from middle management, 27.8% from senior management and the remaining 22.2% from top management (**Table 4.5**). Managers that had worked in the organisation between 16 to 20 years had the lowest representation with only 6 managers having worked for this long within the organisation.

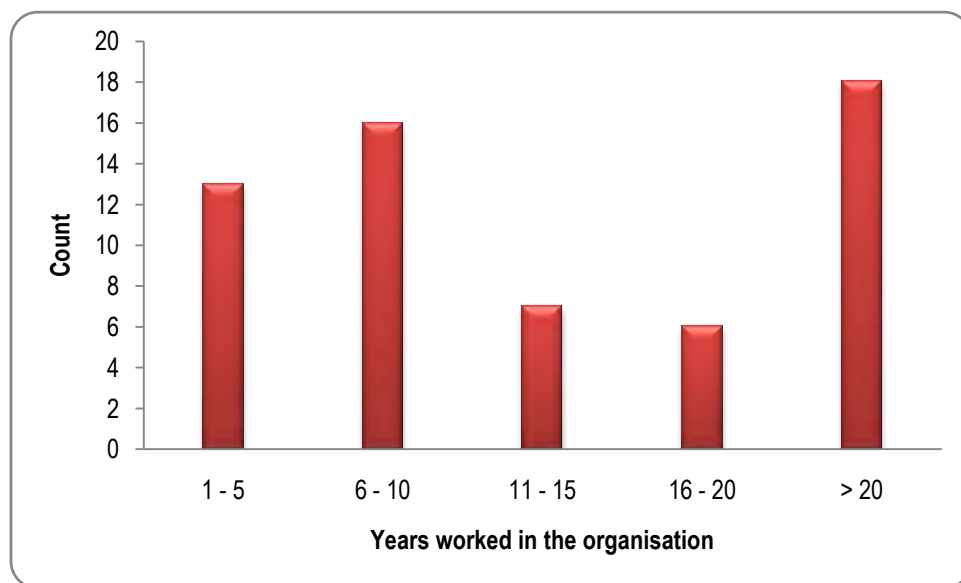


Figure 4.1: Number of years worked in the organisation

Middle management had the highest proportion (62%) of managers who had been in the organisation for 10 years or less. Top management had the least, with 2 managers falling within this range. The cross tabulation of the number of years worked in an organisation is reported in **Table 4.5**.

Table 4.5: Number of years worked in the organisation

Years worked in the organisation	Job Level			Total
	LT	ELT	MM	
1 - 5	1 (7.7%)	2 (15.4%)	10 (76.9%)	13
6 - 10	1 (6.3%)	5 (31.3%)	10 (62.5%)	16
11 - 15	0	4 (57.1%)	3 (42.9%)	7
16 - 20	1 (16.7%)	5 (83.3%)	0	6
> 20	4 (22.2%)	5 (27.8%)	9 (50.0%)	18

Middle management, on the other hand, had the greatest proportion of employees that had been in the organisation for at least 11 years, but not more than 20 years. This is expected due to their age.

4.2 Talent sourcing and retention

The objective of talent sourcing and retention was quantified by giving respondents a set of 5 questions. The discussion in this chapter is centred on each question across different management levels and concluding remarks provides a summary of emotion towards objective no 1 of talent sourcing and retention.

4.2.1 SAPREF recruitment and business strategy

The majority (61%) of the respondents (**Figure 4.2**) felt that the recruitment process is informed and driven by business strategy. In **Figure 4.2**, a whopping 53% agree and additional 8% strongly agree with the statement posed to them linking SAPREF recruitment and business strategy. Surprisingly 5% of the participants did not agree with the statement while the remaining 33.3% were neutral.

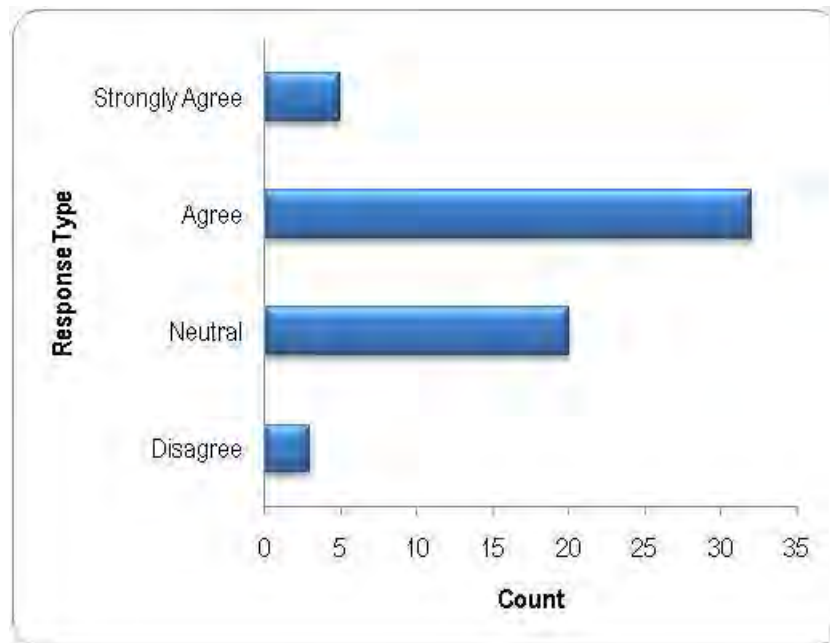


Figure 4.2: “Sapref recruitment and company strategy”

This is a good business confidence when managers across all levels consider the business strategy when recruiting and is consistent with published literature. Companies that align recruiting and business needs empower the organisation to deliver the business strategy and to increase revenue. Davies and Kourdi (2010) share the same sentiment of a need for a pivotal link between talent sourcing and business strategy.

The recruitment of talent that is needed by business enables the business to assemble a winning team to tackle business challenges. Globler et al; (2011) argues that enterprises regardless of size, product or services must source talent of strategic importance in this case talent that is needed by the company for both current needs and future outlook. Govaerts et al; (2011) highlighted the need for organizations to recruit and select top talent to fill positions of strategic importance to the organization in order to sustain profitability and competitive advantage for shareholders which is the ultimate goal for SAPREF.

The breakdown on the response by different management levels is shown in **(Figure 4.3)**, with all LT members agreeing with the statement. This response is expected since this management group is responsible for the crafting of the strategy.

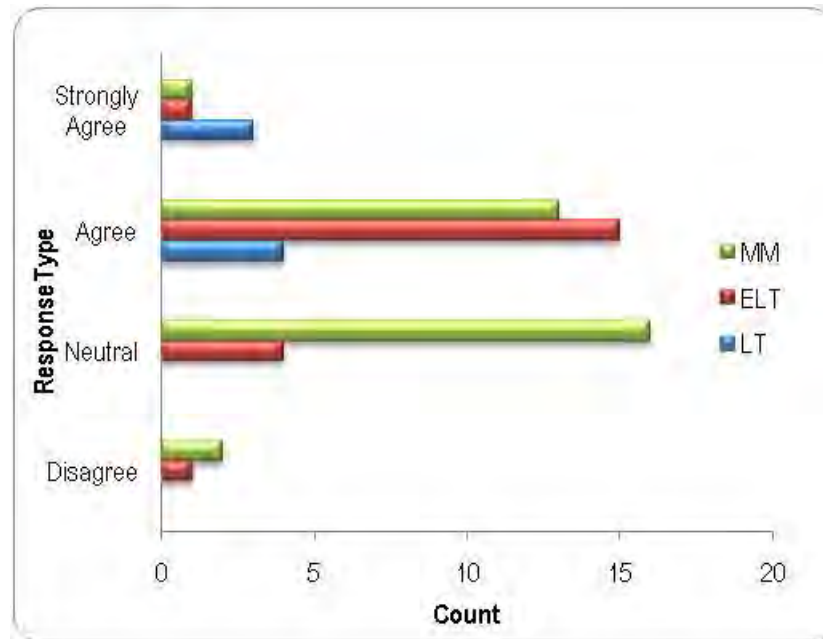


Figure 4.3: Sapref recruitment and company strategy by management level

The transition from top management to senior management show 27% of middle management being neutral and with a small proportion disagreeing, noting that no top manager is neutral or disagreeing with the statement. Ideally middle managers as executors of the company strategy should be in agreement with the statement.

The Kruskal-Wallis test was used to test for significance between the responses of the three management categories. The test produced a p -value ($p=0.0013$). The Reliability of the internal consistency for the statements measured by Cronbach alpha co-efficient was 0.737 ($\alpha = 0.7373$). This is good internal consistency ($0.7 < \alpha < 0.9$) and hence the measurement for the statement is valid.

4.2.2 Future needs and talent

A total of 65% of the respondents felt that new talent recruitment was driven by the company future talent needs. This is evidenced by 55% agreeing and 10% strongly agreeing to this statement (**Figure 4.4**). This feedback is encouraging given company growth ambitions. The biggest challenge is to secure the alignment at all different levels of management, to ensure a flawless talent management strategy.

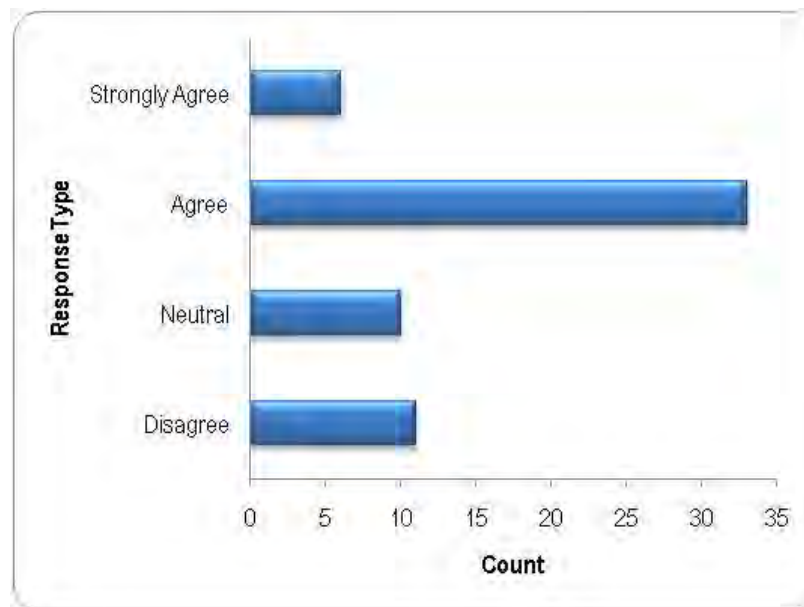


Figure 4.4: “Future talent needs and recruitment.”

This finding is consistent with literature, Silzer and Dowel (2009) cited in Ludike (2011) emphasized the relevance of integrating talent management with future business needs. SAPREF talent; if integrated to future business needs will ensure continuity and sustainability of the company. Khoza (2012) in his definition of talent management described it in terms of recruiting top talent to serve the current and future business needs, thus ensuring that SAPREF remains a going concern, generating profits for shareholders.

Looking at the breakdown of different levels of management (**Figure 4.5**); senior management strongly agreed to this statement of the 3 management levels, with 4 of the 6 participants that also strongly agreed coming from them. Middle management

constituted the largest percentage of respondents who agreed with this statement, with 17 of the 33 responses coming from them.

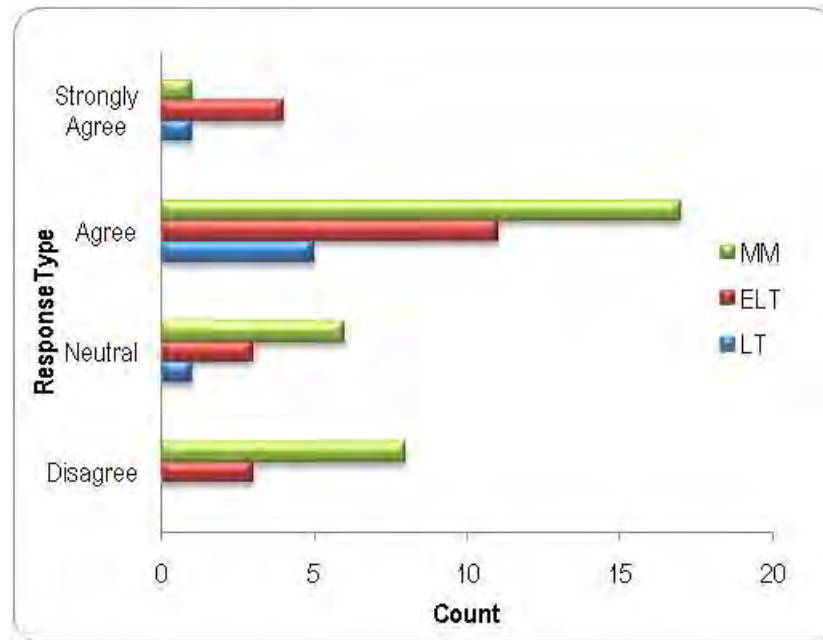


Figure 4.5: “Future talent needs and recruitment” by management level

This also marked the region where the majority of the responses were concentrated across management levels. Middle management also disagreed the most with 8 (73%) of the 11 respondents coming from their ranks. Top management did not disagree with this statement at all.

The Kruskal-Wallis test was used to test for significance between the responses of the three management categories. The test produced a p -value ($p=0.1062$). The reliability of the internal consistency for the statement as measured by Cronbach alpha co-efficient was 0.749 ($\alpha= 0.749$). This is good internal consistency ($0.7<\alpha<0.9$) and hence the measurement for the statement is valid.

4.2.3 Retention scheme for talent

The majority (65%) of the respondents (**Figure 4.6**) indicated that SAPREF does have retention schemes that are used to retain critical talent, 18% of the participants disagreed; (15%) or strongly disagreed (3.3%), while 10 participants were neutral.

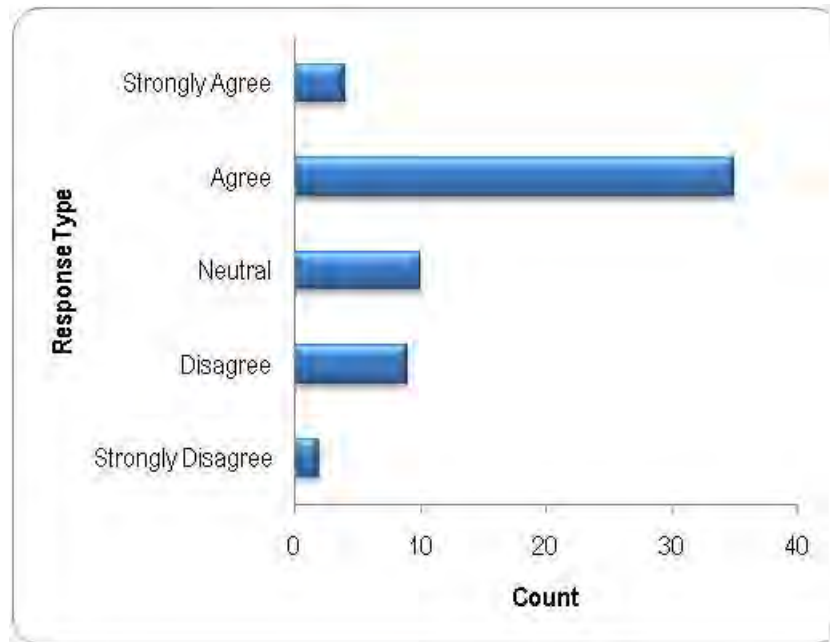


Figure 4.6: “Retention schemes for critical talent?”

Retention of talent is a positive finding, as it guarantees SAPREF future performance and competitiveness since skilled employees with experience will execute their tasks with precision. Govaerts et al, (2011) concurs that retention of skilled employees is the business enabler to maintain market dominance and outperform peers as employees move from the level of basic operating to the level of optimization.

SAPREF by retaining employees reduces the training costs, as the current talented employees will accumulate experience in executing their tasks flawlessly; with no incidents of product quality deviation that requires reprocessing at a huge loss to the business. Similar view is shared by Govaerts et al; (2011) who likened the loss of skilled employees as dis-investment, as new employees have to be hired and trained at a cost over a certain time horizon (average 1-2 yrs) and in the process committing costly mistake to the business.

A breakdown of management level responses is shown in **Figure 4.7**. The top management agree/strongly agree on the existence of adequate market schemes to retain critical talent. There is however a small proportion of managers (both senior and middle management) who are either neutral or disagreeing with the statement of the availability of retention scheme.

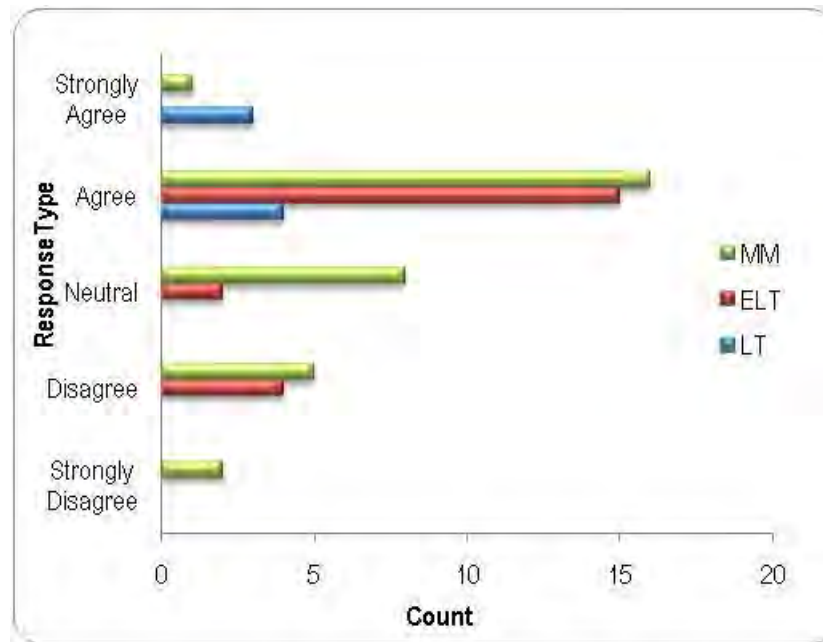


Figure 4.7: Retention schemes for critical talent by management levels

Apart from no senior managers strongly agreeing or strongly disagreeing, their responses somewhat echoed that of middle management *albeit* at a lower percentage than middle management.

The Kruskal-Wallis test was used to test for significance between the responses of the three management categories. The test produced a *p*-value ($p=0.0061$).

The reliability of the internal consistency for the statement as measured by Cronbach alpha co-efficient was 0.739 ($\alpha= 0.739$). This is good internal consistency ($0.7 < \alpha < 0.9$) and hence the measurement for the statement is valid.

4.2.4 Robust retention strategy

Upon interrogating the existence of the robust retention strategy to prevent great talent from exiting the company, only 15% of the respondents agreed or is aware of its existence (**Figure 4.8**); with 37% being neutral and 48% disagreeing with the statement. SAPREF as an organisation with a vision of becoming the best refinery in Southern Africa must take note of this outcome and recalibrate its retention strategy.

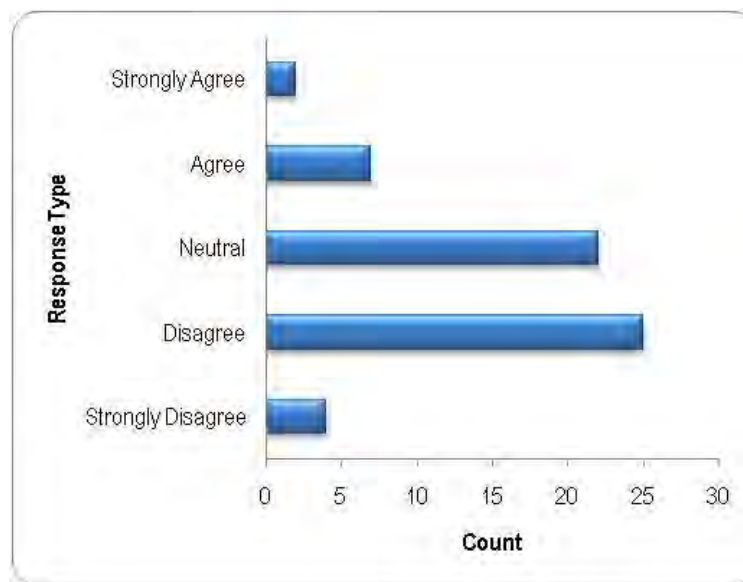


Figure 4.8: Robust retention strategy”

The perceived lack of robust retention strategy is in contrary to published literature, as robust retention strategy will prevent great talent from leaving SAPREF even during hostile recruitment campaigns by rival companies thus minimizing turnover. Retention of talented employees will allow SAPREF to remain competitive and successful as experienced employees are a key to the optimization and streamlining of business processes.

Similar view is shared by Oladapo (2014), who label successful organizations as the ones with high retention of talented employees with accumulated business experience . Mohlala et al; (2012), in quantifying the costs of failed retentions strategies, estimated the training costs to be as high as more than 100% of the annual salary of the sudden vacant position. The dilemma facing SAPREF is the joint venture nature of the company

defining it as an operating entity of the shareholder companies (BP and Shell), leaving it with less time to concentrate on long term talent management strategy with critical positions at times filled by shareholder deployees on short term assignments.

The Kruskal-Wallis test was used to test for significance between the responses of the three management categories and produced a p -value ($p=0.0044$). The reliability of the internal consistency for the statement as measured by Cronbach alpha co-efficient was 0.645 ($\alpha= 0.739$). The internal consistency measure of 0.645 is acceptable as it falls within acceptable range ($0.6<\alpha<0.7$) and hence the measurement for the statement is valid.

The breakdown of management response is shown in **(Figure 4.9)**, surprisingly some members of the top management remain neutral, an indication that there is no comprehensive robust retention strategy. The middle management group was the most in disagreement with the statement.

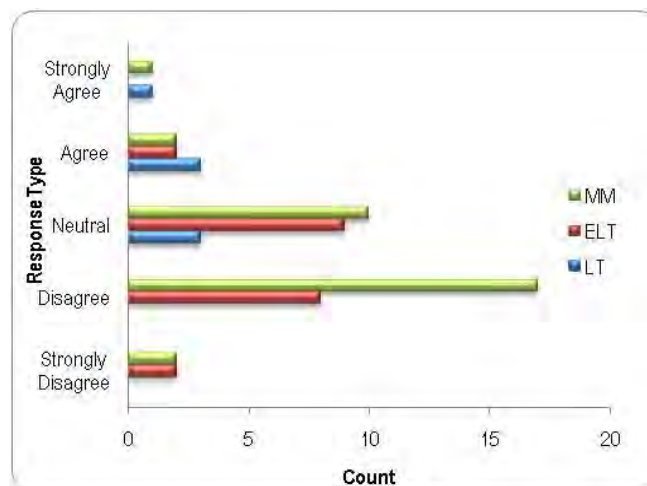


Figure 4.9: Robust retention strategy by management level

As seen in **Figure 4.9**, top management did not disagree with this statement at all. Instead, 3 from among their ranks chose to be neutral, 3 agreed and 1 strongly agreed, representing 14%, 43% and 50% respectively of the total responses in each of the just

mentioned response types. The remaining 8 (32%) of the respondents that disagreed came from senior management.

4.2.5 Management is serious about talent management

According to **Figure 4.10**, 45% of the respondents agreed that management take their talent management role seriously. Two respondents strongly agreed, 25 (41.7%) agreed, while 25% of the respondents disagreed that management took this role seriously.

Management is mandated by the board and shareholders to advocate people agenda, the study findings (**Figure 4.10**), requires the organisation to reflect and review the approach. The remaining 18 (30%) respondents opted to remain neutral on this point.

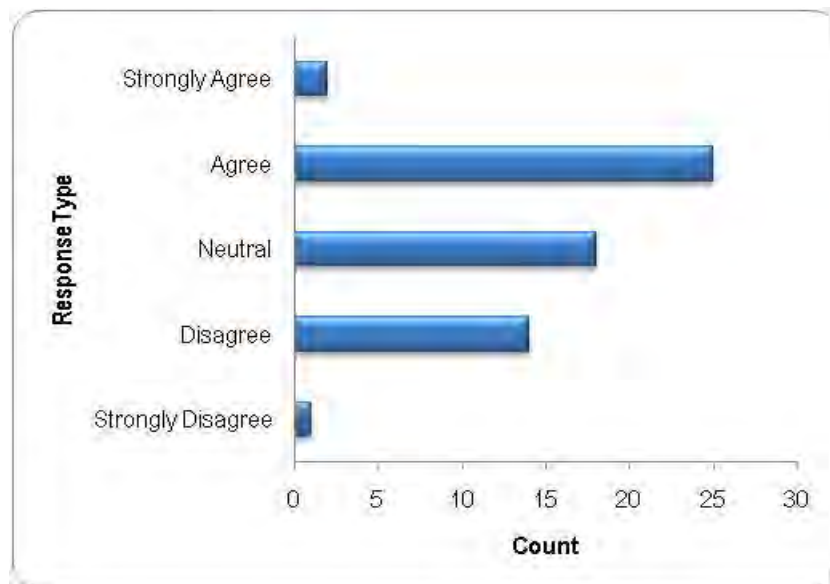


Figure 4.10: Management and talent management role

The Kruskal-Wallis test was used to test for significance between the responses of the three management categories. The test produced a p -value ($p=0.0094$). The reliability of the internal consistency for the statement as measured by Cronbach alpha coefficient was 0.704 ($\alpha= 0.704$), indicating good internal consistency ($0.7<\alpha<0.9$) and hence the measurement for the statement is valid.

The breakdown of different level management response is shown in **Figure 4.11**. As can be seen in Figure 11, 6 top managers agreed and 1 strongly agreed to this statement. Similar to the previous statement, none of top management disagreed to it.

The most chosen response of the 32 middle management was “agree” (12 responses), followed by neutral (11).

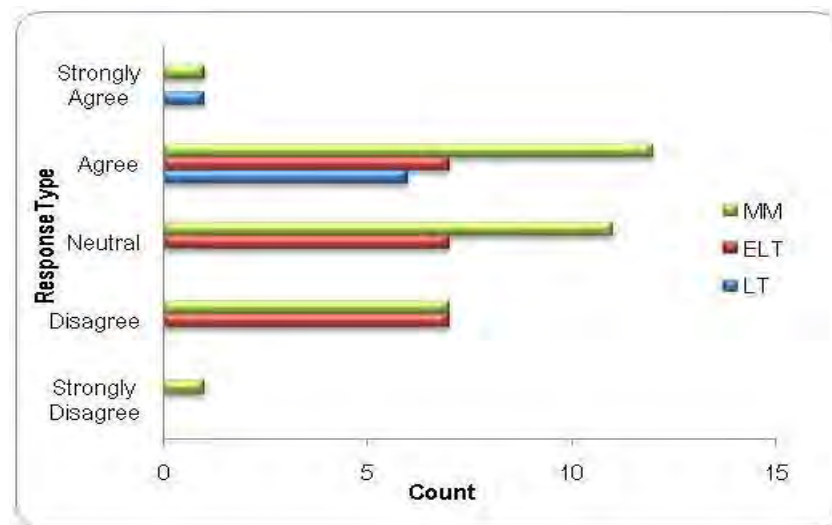


Figure 4.11: Management and talent management role by management level

The summary of Kraskul-Wallis test is reported in **Table 4.6**, for all the statements relating to the talent sourcing and retention objective.

Table 4.6: Kraskul-Wallis test for Talent Sourcing and Retention

Statements on Talent Sourcing and Retention	p-value*
1a. Sapref recruitment process is informed by company corporate strategy	0.0013
1b. Future company talent needs are considered when recruiting new talent.	0.1062
1c. Does Sapref has specific schemes that are used as retention for critical talent?	0.0061
1d. Sapref has a robust retention strategy in place to prevent good talent from exiting company.	0.0044
1e. Management take their talent management role seriously?	0.0094

*Kruskal – Wallis test

The reliability test (internal consistency) for the theme talent sourcing and retention is reported in **Table 4.7** and yielded an alpha score of 0.760 for the five statements posed to the respondents.

Table 4.7: Cronbach alpha for talent sourcing and retention

Composite variables for objective 1	Cronbach's alpha
1a. Sapref recruitment process is informed by company corporate strategy	0,737
1b. Future company talent needs are considered when recruiting new talent.	0,749
1c. Does Sapref has specific schemes that are used as retention for critical talent?	0,739
1d. Sapref has a robust retention strategy in place to prevent good talent from exiting company.	0,645
1e. Management take their talent management role seriously?	0,704

Reliability Statistic

Cronbach's Alpha	N of Items
0,760	5

The reliability of this measurement is good since the Cronbach's alpha constant is 0.76 ($0.7 < \alpha < 0.9$) and hence the results of this study can be declared valid.

4.3 Succession planning

In **Figure 4.12**, the majority of respondents disagreed with every statement put to them regarding succession planning. The study participants felt strongly that the organisation's succession planning strategy is not adequately articulated.

4.3.1 Articulation of succession planning strategy

A total of 83% of the respondents disagreed with the statement that succession planning strategy is adequately articulated at SAPREF. According to **Figure 4.12**; strong emotions were against this objective of evaluating the succession planning strategy.

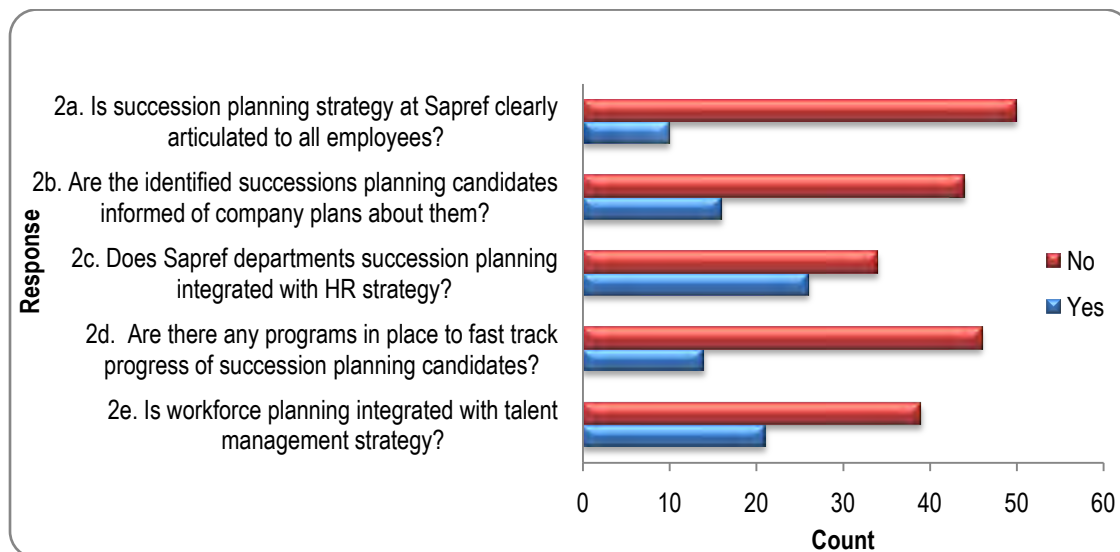


Figure 4.12: Succession planning feedback

The perceived lack of clear communication regarding succession planning has the potential to inhibit SAPREF's ambition of becoming the best refinery in Southern Africa. This finding is in contrast to the published literature, as Stadler (2011) advocates the defining of mission-critical roles and positions as the basis of succession planning before identification of high-performing candidates to prepare them to fulfill future roles.

SAPREF is missing a good opportunity of talent mapping, as the profile of middle managers and professionals indicate most of them are younger than 35, have a university degree and in addition a postgraduate degree (in engineering or business management) and have been with the company for five years. Considering the age demographics of the respondents, a carefully planned succession planning will benefit junior members of the organisation from senior member who are fast approaching retirement age.

The Chi-square technique was employed to test the correlation of the three management categories responses. The test produced a p -value ($p=0.152$). The reliability of the internal consistency for the statement as measured by Cronbach alpha co-efficient was 0.628 ($\alpha= 0.628$), indicating good internal consistency ($0.7<\alpha<0.9$) and hence the measurement for the statement is valid

4.3.2 Identification and grooming of succession planning candidates

The majority of the respondents (73%), responded negatively to the statement regarding informing identified succession planning candidates about company plans. This finding is disturbing and in contrary to the published literature. Smith and Galbraith (2011) articulate succession planning as identification, nurturing and grooming of highly talented employees for critical future positions. Clearly the high performing candidates cannot be groomed if they are not clearly identified and informed nor plans to fast track their development are made known.

The Chi-square test for significance between the responses of the three management categories produced a p -value ($p=0.012$). The reliability of the internal consistency for the statement as measured by Cronbach alpha co-efficient was 0.606 ($\alpha= 0.606$), this value is within acceptable range of internal consistency ($0.6<\alpha<0.7$) and hence the measurement for the statement is valid.

4.3.3 Integration of HR strategy and SAPREF department's strategy

A total of 57% of the respondents disagreed with the statement that SAPREF departments succession planning and HR strategy are integrated. This finding is alarming and is in contrary to the published literature. The ideal situation is where HR and business strategy are integrated. Saddler (2011), highlights that the integration between HR strategy and business strategy is a prerequisite for successful implementation of succession planning.

The Chi-square test for significance between the responses of the three management categories; produced a p -value ($p=0.178$). The reliability of the internal consistency for the statement as measured by Cronbach alpha co-efficient was 0.498 ($\alpha= 0.498$), this value is below acceptable range of internal consistency ($\alpha<0.5$) and hence the measurement for the statement is not valid.

4.3.4 Fast tracking development of succession candidates

The majority (77%) of the respondents expressed negative feelings and disagreed regarding the existence of programs to fast track the development of succession planning candidates. Recent literature review advocates fast tracking the development of succession pipeline candidates. According to Church (2014), identified high potential candidates must be put through accelerated development program in order to secure future talent pipeline and effectively manage succession for the company benefit.

Many big organisations in the modern era; have internal or in-house training programs that are used to fast track the development of succession candidates, Church (2014) cites Citi Bank and Pepsi Cola on their use of Leadership Blue Print model to help fast track development of high potential candidates. As evidenced by the age profile of middle managers (average 35), there must be a targeted and sustained development of succession candidates as noted by Rothwell (2011) on the need for faster development when companies are faced with aging top leadership.

The results of the Chi-square test for significance between responses of the three management categories was a p -value of 0.669. The reliability of the internal consistency for the statement as measured by Cronbach's alpha co-efficient was 0.633 ($\alpha = 0.633$), this value is within the acceptable range of internal consistency ($0.6 < \alpha < 0.7$) and hence the measurement for the statement is not valid.

4.3.5 Workforce planning and talent management strategy

A total of 65% of the respondents disagreed with the statement that workforce planning is integrated with talent management strategy. This finding deviates from the literature, Rothwell (2011) argues for the need of what he termed workforce planning to cater for short term and long term needs, and is the first step in implementation of succession planning. There is currently no formal system for mandatory back up for each position at SAPREF, rather is by arrangement between individuals to ensure there is a cover when one employee is on leave. This is in contrary to recommendations by Rothwell (2011) who recommends a set up for 3 internal backups for each position, and the backups be ranked in terms of their readiness to occupy the position should the incumbent vacate the post. This is a starting point of succession planning as the highly ranked employee can stand in for an incumbent when is on leave and decisions be taken without waiting for incumbent to come back.

The Chi-square test for significance between the responses of the three management categories produced a p -value ($p = 0.175$). The reliability of the internal consistency for the statement as measured by Cronbach alpha co-efficient was 0.587 ($\alpha = 0.587$), this value is within the poor range ($0.5 < \alpha < 0.6$) of internal consistency measure, but still acceptable and hence the measurement for the statement is valid.

The summary of the Chi-square test for all the statements of succession planning is reported in **Table 4.8**.

Table 4.8: Chi-square test for Succession Planning

Questions assessing Succession Planning	Value	df	p-value*
2a. Is succession planning strategy at Sapref clearly articulated to all employees?	3.771	2	0,152
2b. Are the identified successions planning candidates informed of company plans about them?	8.864	2	0,012
2c. Does Sapref departments succession planning integrated with HR strategy?	3.453	2	0,178
2d. Are there any programs in place to fast track progress of succession planning candidates?	0.805	2	0,669
2e. Is workforce planning integrated with talent management strategy?	3.485	2	0,175

The reliability test (internal consistency) for the succession planning objective has an overall alpha of 0.648 for the five statements posed to the respondents, with the individual alpha for each statement presented in **Table 4.9**

Table 4.9: Cronbach alpha scores for succession planning

Composite variables for objective 2	Cronbach's alpha
2a. Is succession planning strategy at Sapref clearly articulated to all employees?	0,628
2b. Are the identified successions planning candidates informed of company plans about them?	0,606
2c. Does Sapref departments succession planning integrated with HR strategy?	0,498
2d. Are there any programs in place to fast track progress of succession planning candidates?	0,633
2e. Is workforce planning integrated with talent management strategy?	0,587

Overall measure of Reliability

Cronbach's Alpha	N of Items
0,648	5

The reliability of this measurement is acceptable as the Cronbach's alpha coefficient is 0.648 ($0.6 < \alpha < 0.7$) and hence the results of this study are declared valid.

4.4 Competency Development

During the study, a set of five statements was given to respondents to communicate their feelings regarding competency development.

4.4.1 Competency development and business strategy

The results (**Figure 4.13**) revealed that 60% of the study participants either agreed (55%) or strongly agreed (5%) that competency development in the organisation is linked to business strategy. Seven participants disagreed and 1 participant strongly disagreed with this statement.

This finding is consistent with published literature, in Sengupta et al; (2013) competency model (**Figure 2.6**) there is a strong emphasis on the link between competency development and business strategy. SAPREF employees must be competent in areas identified by the business strategy in order to be able to deliver value for the shareholders. The SAPREF vision of being the leading refinery in Southern Africa can only be achieved if SAPREF employees are competent in all areas identified by the business strategy.

SAPREF own internal talent management strategy identifies development of employees as the biggest enabler to deliver business strategy. In another competency model (**Figure 2.2**) presented by Hofmeyer and Venter (2011) there is a great emphasis on the link between competency development and business strategy. To this effect SAPREF has an established department called Organisational Capability Improvement (OCI) with a mandate of ensuring that the organisation's internal capabilities are consistent with the business strategy.

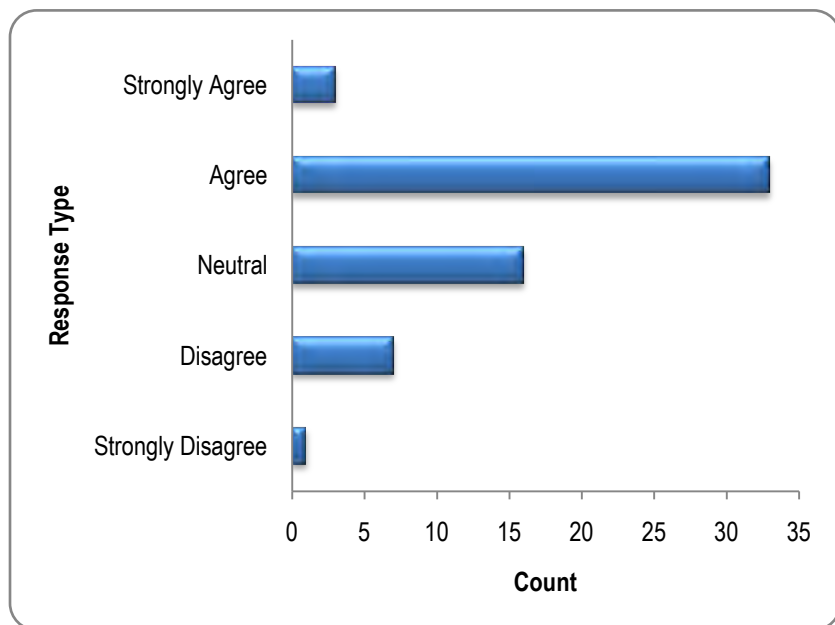


Figure 4.13: Competency development and business strategy

From **Figure 4.13**, 27% of the remaining 16 participants chose to be neutral. A breakdown of responses by management level is depicted in **Figure 4.14**.

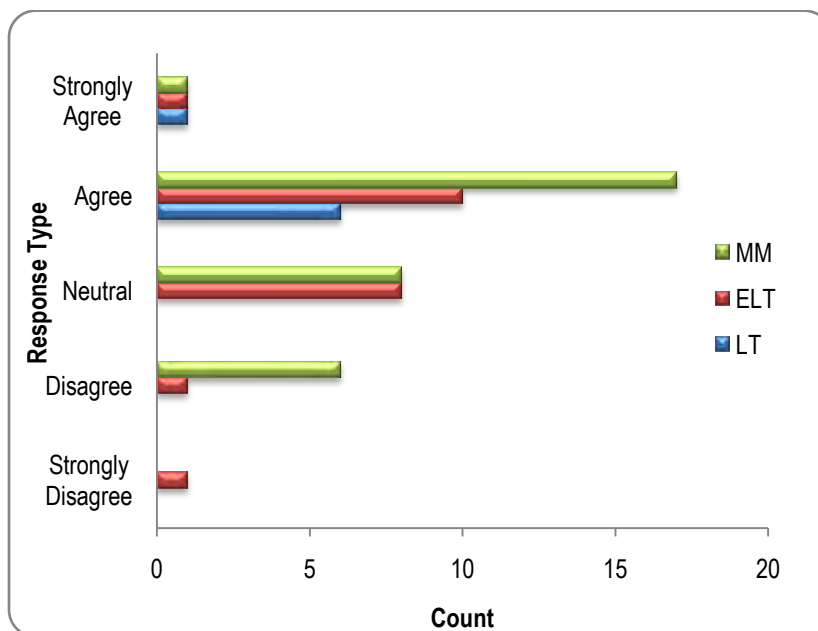


Figure 4.14: Competency development and business strategy overall

As seen in **Figure 4.14**, of the 33 respondents that agreed to this statement, 17 were from middle management, 10 from senior management and the balance from top management.

The Kruskal-Wallis test for significance between the responses of the three management categories produced a p -value ($p=0.0651$). The reliability of the internal consistency for the statement as measured by Cronbach alpha co-efficient was 0.835 ($\alpha= 0.835$), indicating good internal consistency ($0.7<\alpha<0.9$) and hence the measurement for the statement is valid.

4.4.2 Conducive work environment and development opportunities

A total of 50% of the respondents (**Figure 4.15**) agree that management does create a conducive environment to pursue competency development opportunities.

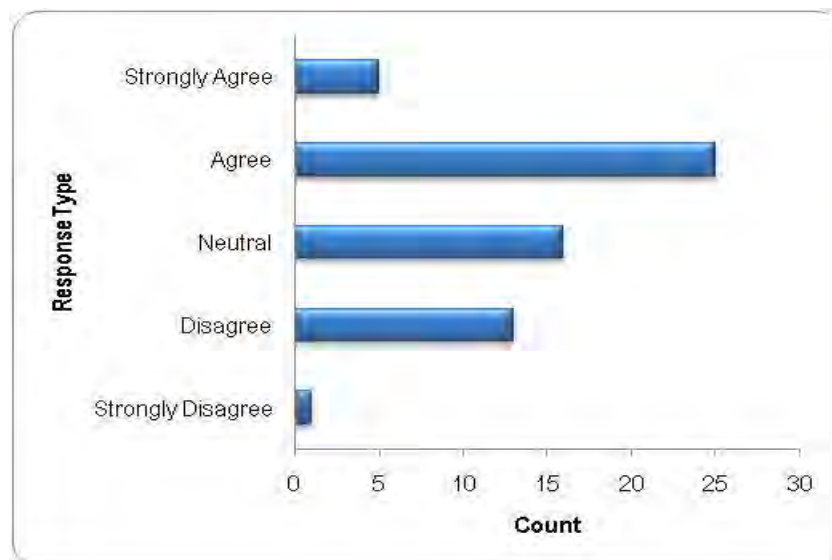


Figure 4.15: Competency development and opportunities.

The positive response is in line with the SAPREF talent management model whereby competency development is regarded as the biggest enabler and game changer for successful implementation of capital projects for growth strategy, safe and reliable operation of the refinery. However 50% is not a great number, the expectation would be

for all managers to create a conducive work environment with endless developmental opportunities as long as they are converging between individuals and organisation strategy. Globler (2011) argues that organisations who aspires for growth and market dominance must create additional learning opportunities. Govaerts and Kyndt (2011) share the same sentiment that organisations aspiring to grow must create a supportive learning and working climate to enhance developmental opportunities.

Slightly more than 23% did not agree with this statement. The remaining 16 (26.7%) participants opted to remain neutral. A description of these findings (categorised by management level responses) in shown in **Figure 4.16**.

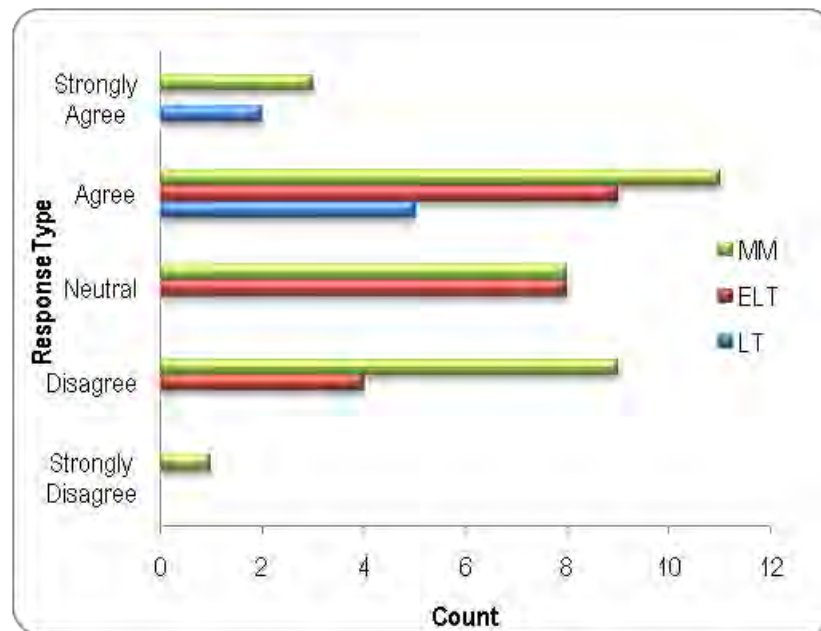


Figure 4.16: Competency and development opportunities overall

In Figure 4.16; 25 of the 60 respondents agreed with this statement. Eleven of these were from middle management, 9 from senior management and 5 from top management. Two top managers strongly agreed, contrasted by 1 middle manager strongly disagreeing. Of the 13 respondents that disagreed, 9 were from middle management and 4 from senior management.

The Kruskal-Wallis test used to determine the significance between the responses of the three management categories produced a p -value ($p=0.01693$). The reliability of the internal consistency for the statement as measured by Cronbach alpha co-efficient was 0.803 ($\alpha= 0.803$), indicating good internal consistency ($0.7<\alpha<0.9$) and hence the measurement for the statement is valid.

4.4.3 Competency development and retention

A total of 40% (**Figure 4.17**) of the respondents agreed that competency development opportunities are linked to retention strategy. This feedback corresponds to the retention objective which revealed the lack of robust retention strategies. The breakdown of the respondents in agreement is 36.7% agreed and 3.3% strongly agreeing that competency development opportunities are used as a form of retention strategy. This statement was the least favourably of the 5 assessing competency development.

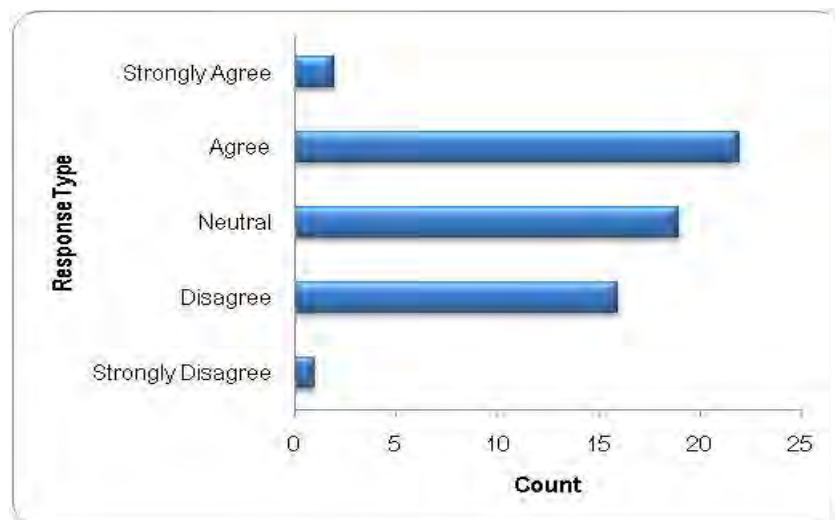


Figure 4.17: Competency development and retention

Approximately 28% of the participants either disagreed (26.7%) or strongly disagreed (1.7%) with this “statement”. The remaining 19 (31.7%) participants opted to remain neutral.

This finding is not desirable and is consistent with the negative feedback of the non-existence of a robust retention strategies and lack of accelerated development of

identified talent for succession planning. Sutton and Watson (2013) listed benefits of competency as superior performance and handsome rewards, opening up promotion opportunities which leads to both job satisfaction (requirements for retention) and identification for succession planning. Sutton and Watson (2013) regard competency development as a catalyst to flawless execution of talent management, highlighting the importance of competency development in retention through training and development.

Development opportunities assists in retention as employees who are acquiring new skills need an opportunity to put their skills into good use. Similar sentiment is shared by Govaerts et al; (2011) highlighting that employees on a learning path are unlikely to exit the organisation.

The breakdown of the respondents according to management level is shown in **Figure 4.18**. Of the 60 respondent, 22 agreed to this statement, 16 disagreed and 19 chose to remain neutral. Of the 22 that agreed, 8 were from middle management, 9 from senior management and 5 from top management.

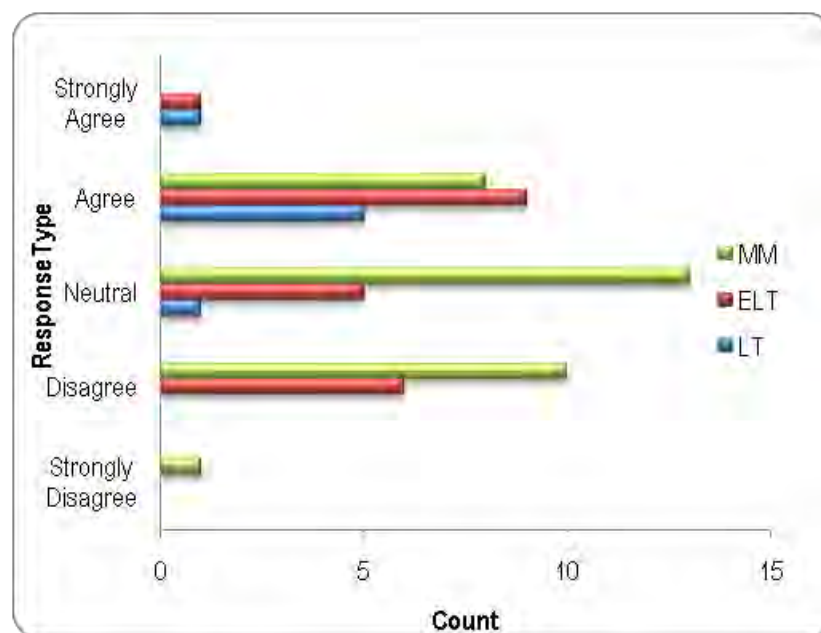


Figure 4.18: Competency development and retention overall

Six senior managers and 10 middle managers did not agree, with 1 middle manager being the only respondent to strongly disagree. Of the 2 respondents that strongly agreed, 1 was from top management and the other from senior management.

The Kruskal-Wallis test was used to measure significance between the responses of the three management categories and produced a p -value ($p=0.01037$). The reliability of the internal consistency for the statement as measured by Cronbach alpha co-efficient was 0.804 ($\alpha= 0.804$), indicating good internal consistency ($0.7<\alpha<0.9$) and hence the measurement for the statement is valid.

4.4.4 Competency development and HR strategy

According to **Figure 4.19**; 45% of the respondents either agreed (41.9%) or strongly agreed (2.7%) regarding alignment between HR and different SAPREF departments on the importance of employee competency development. Eleven participants (18.5%) did not agree with this statement at all.

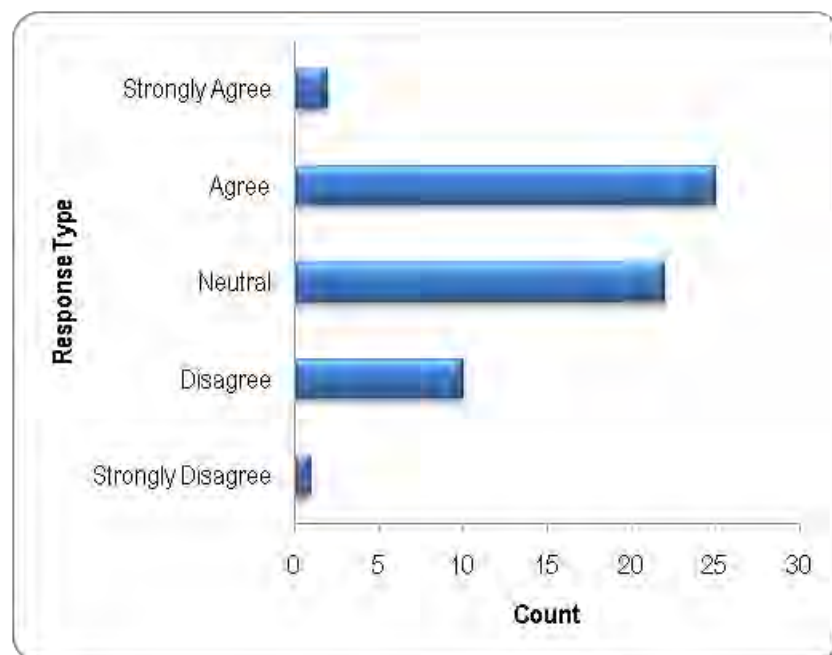


Figure 4.19: SAPREF departments competency development and HR

The remaining 22 (36.7%) participants remained neutral. SAPREF competency development must align with HR strategy. Mis-alignment is a deviation from published literature. In order for competency development to be effectively executed, a strong alignment between HR and SAPREF departments is desirable to ensure proper talent accounting. Sengupta et al; (2013) emphasise the integration of competency development with HR strategy to facilitate holistic talent management strategy and deliver the envisaged business results.

A breakdown of different management level responses is shown in **Figure 4.20**. A total of 25 of the 60 respondents agreed, 10 disagreed and 22 remained neutral. Of the 25 that agreed, 12 were from middle management, 9 from senior management and the remaining 4 from top management. Top management constituted the only respondents to strongly agree, while middle management contained the only respondent to strongly disagree.

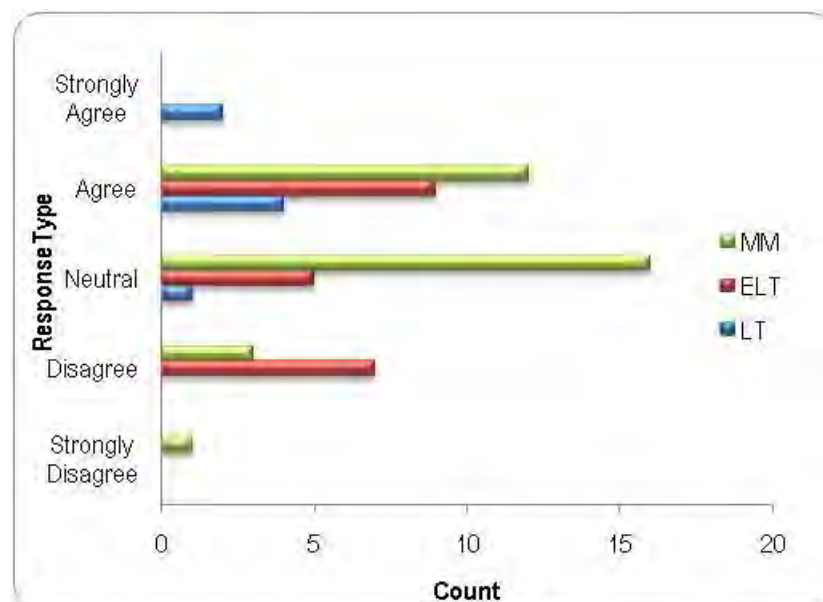


Figure4.20: SAPREF departments competency development and HR overall

Of the 10 that disagreed, the majority were from senior management with 7 (70%) of them coming from among their ranks. The remaining 3 respondents that disagreed were from middle management.

The Kruskal-Wallis test was used to measure the strength of significance between the responses of the three management categories. The test produced a p -value ($p=0.02041$). The reliability of the internal consistency for the statement as measured by Cronbach alpha co-efficient was 0.785 ($\alpha= 0.785$), indicating good internal consistency ($0.7<\alpha<0.9$) and hence the measurement for the statement is valid.

4.4.5 Competency development and business performance

The majority (80%) of the respondents agreed that competency development improves business performance (**Figure 4.21**); with 67% agreeing and 13% strongly agreeing.

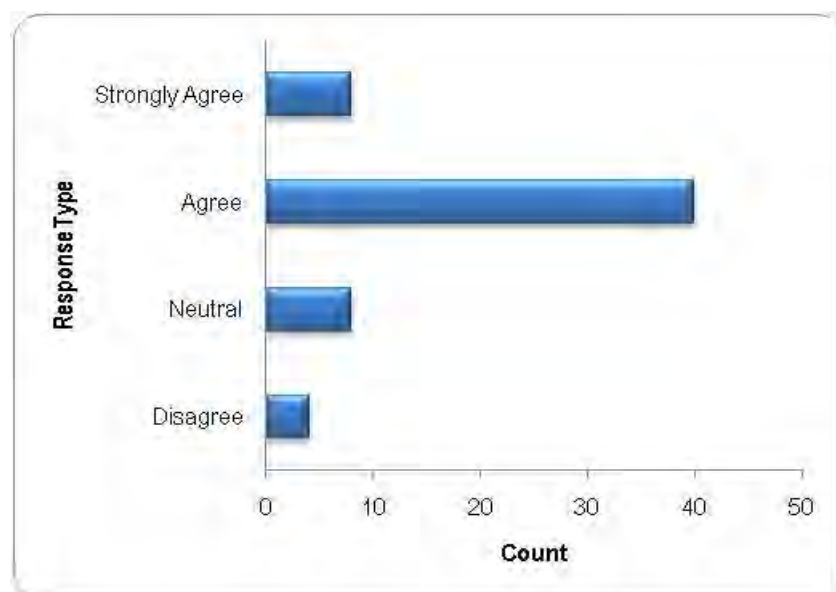


Figure 4.21: Competency development and business performance

The overwhelming positive response resulted in only 4 (6.7%) of the participants disagreeing with this statement and the remaining 8 (13.3%) chose to remain neutral.

The highly competent workforce of SAPREF in all disciplines will result in less downtime on plant operations, no accidents, no re-processing due to quality deviation and lead to lean production with no wastage, leading to improved business performance both in terms of production volume and environmental compliance due to reduced accidents. The published research is the testimony to this effect, Hallet (2013) reports that organisations with competent people perform above average since all resources are

used optimally with no wastage. Other researchers notably Sutton and Watson (2013), reported that candidates who have undergone a competency based training system increased company revenues by \$3m.

The breakdown of management response according to different levels is shown in **Figure 4.22**.

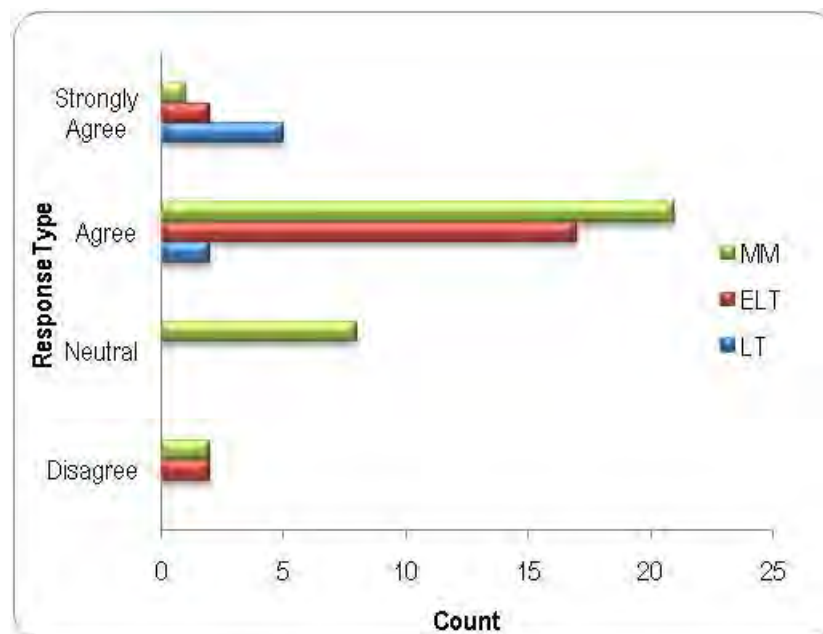


Figure 4.22: Competency development and business performance overall

From **Figure 4.22**, 66.7% of the respondents agreed that competency development improves business performance. Of these respondents, 21 were from middle management, 17 from senior management and 2 from top management.

The Kruskal-Wallis test was used to test for significance between the responses of the three management categories. The test produced a p -value ($p=0.05312$). The reliability of the internal consistency for the statement as measured by Cronbach alpha coefficient was 0.810 ($\alpha= 0.810$), indicating good internal consistency ($0.7<\alpha<0.9$) and hence the measurement for the statement is valid.

The summary of Kraskul-Wallis test is reported in **Table 4.10**, for all the statements relating to the competence development.

Table 4.10: Kruskal-Wallis test for competency development

Statements on Competency Development	p-value*
3a. Competence development for employees at Sapref is linked to business strategy.	0.06516
3b. Management creates a conducive work environment for employees to pursue competence development opportunities.	0.01693
3c. Are competency development opportunities used as a retention strategy?	0.01037
3d. There is an alignment between HR and different Sapref departments on the importance of employee competence development.	0.02041
3e. Sapref believes competence development improves business performance.	0.05312

The overall Cronbach's alpha coefficient for the five items is 0.840, with the individual Cronbach alpha for each statement presented in **Table 4.11**

Table 4.11: Cronbach alpha scores for competency development

Composite variables for objective	Cronbach's Alpha
3a. Competence development for employees at Sapref is linked to business strategy.	0,835
3b. Management creates a conducive work environment for employees to pursue competence development opportunities.	0,803
3c. Are competency development opportunities used as a retention strategy?	0,804
3d. There is an alignment between HR and different Sapref departments on the importance of employee competence development.	0,785
3e. Sapref believes competence development improves business performance.	0,810

Measure for Reliability

Cronbach's Alpha	No of Items
0,840	5

The reliability of this measurement is good as the Cronbach's alpha constant is 0.840 ($0.7 < \alpha < 0.9$) and hence the results this study is be declared valid.

4.5 Employee engagement and diversity and inclusion

According to **Figure 4.23**, it is clear that employee engagement and diversity and inclusion is perceived very positively by the managers at SAPREF.

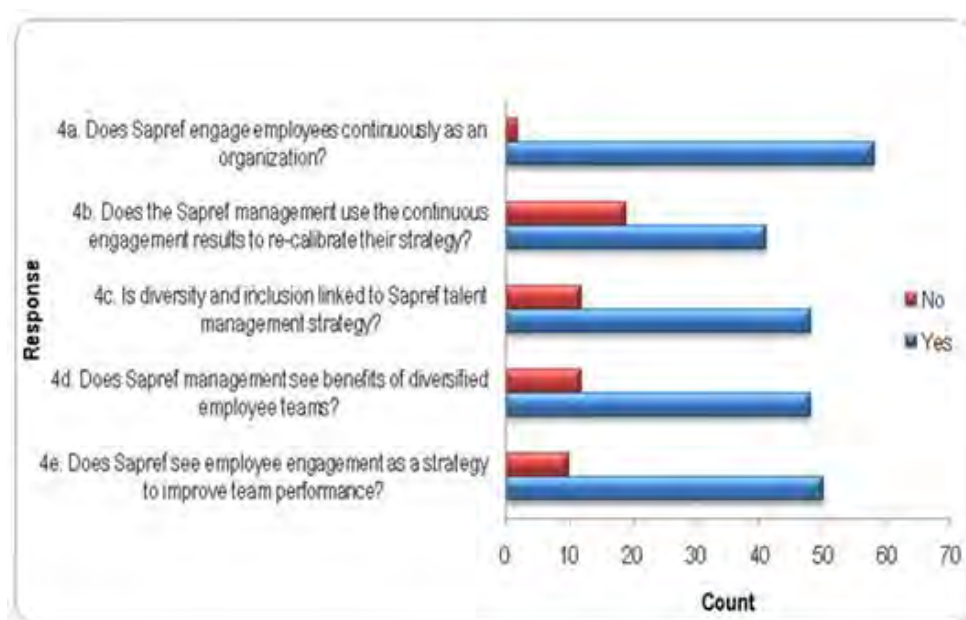


Figure 4.23: Employee engagement, diversity and inclusion

The cross tabulation of the managers feedback is reported in **Table 4.12**. The table reflects the positive mood regarding the employee engagement and diversity and inclusion. Managers at all levels gave SAPREF employee engagement a big stamp of approval. SAPREF managers are also positive about the opportunities for diversity and inclusion, and specifically according to age and gender.

Table 4.12: Cross-tabulation for employee engagement and diversity and inclusion

Questions assessing employee engagement and diversity management	Response	Job Level			Total (N)
		LT	ELT	MM	
4a. Does Sapref engages employees continuously as an organization?	Yes	7	20	31	58
	No	0	1	1	2
4b. Does the Sapref management use the continuous engagement results to re-calibrate their strategy?	Yes	6	13	22	41
	No	1	8	10	19
4c. Is diversity and inclusion linked to Sapref talent management strategy?	Yes	7	16	25	48
	No	0	5	7	12
4d. Does Sapref management see benefits of diversified employee teams?	Yes	7	18	23	48
	No	0	3	9	12
4e. Does Sapref sees employee engagement as a strategy to improve team performance?	Yes	7	17	26	50
	No	0	4	6	10

4.5.1 Continuous engagement

A majority (96%) of study participants (**Fig 4.23**) agree that SAPREF engage employees continuously as an organisation. This is encouraging especially in the SA society coming from the history of conflict and legislated job exclusivity. The continuous engagement allows the management of SAPREF to interact with the staff in a truly African indabastyle promoting trust and accessibility.

According to Crow et al; (2012) and Suliman and Kathairi (2013) cited in Ghosh et al, (2013) feeling of justice amongst employees leads to positive organizational behaviour, trust, and enhance employee performance which leads to great customer satisfaction and brand loyalty. Events of 16 August 2012 in Marikana is a clear consequence of non engagement between company management and staff. Another benefit of engaged employees is high levels of motivation as employees know their company status since they are engaged continuously.

Agrawal (2012) shared similar sentiments emphasizing that engaged employees, are highly motivated and have a low turnover hence reducing recruitment costs.

The Pearson Chi-square test for significance between three management categories produced a p -value ($p=0.827$). The reliability of the internal consistency for the statement as measured by Cronbach's alpha co-efficient was 0.642 ($\alpha= 0.642$), this value is within the acceptable range of internal consistency measure ($0.6<\alpha<0.7$) and hence the measurement for the statement is valid.

4.5.2 Use of engagement results

A total of 68% of the respondents believe that SAPREF use the engagement results to re-calibrate continuous engagement. This positive feeling is encouraging and is consistent with published literature. McGovern (2011), noted that large organizations and leading companies like Coca-Cola often use engagement survey feedback to identify key themes from comments made by employees. SAPREF employees use engagement sessions and platforms to raise issues that affect them before they become real problems and employee comments are used as input in improving business strategy. McGovern (2011) notes companies acting upon the survey results and fine tune the specific actions from the survey are better placed to realise their business plan.

4.5.3 Diversity and inclusion and talent management

A sterling 80% of the respondents agree with the statement diversity and inclusion is linked to talent management strategy. With the high focus on employment equity and empowerment of previously disadvantaged candidates, diversity and inclusion is the key strategy to address these shortcomings, with top performing talent being a key requirement.

The inclusive culture at SAPREF will lead to talented employees not withholding their gifts (talent), rather contributing robustly in their work teams for optimal performance. Derven (2014) articulates that companies which have inclusive culture have better opportunities to fulfill customer needs compared to ones that do not have a diversity and inclusive agenda.

Recently, Steele and Derven (2015) argued that diversity and inclusion is an enabler for major strategies for business expansions, entry into new markets and for facilitating easily the difficult task of mergers and acquisitions.

The Chi-square test which tested significance between the responses of the three management categories produced a p -value ($p=0.501$). The reliability of the internal consistency for the statement as measured by Cronbach alpha co-efficient was 0.611 ($\alpha= 0.611$), this value is within the acceptable range of internal consistency measure ($0.6<\alpha<0.7$) and hence the measurement for the statement is valid.

4.5.4 Benefits of diversified employee teams

A total of 80% of the respondents agree that they see the benefits of diversified teams. This is encouraging news as the company is increasing the diversity of teams both in terms of gender and age. The diversified teams are bringing together different skills set leading to new unprecedented performance. With the babyboomers nearing retirement age the institutional memory and knowledge from the babyboomers is being transferred into archives using computer tools by the younger generation.

This is creating a knowledge management repository. Steele and Derven (2015) noted that companies that inculcate the culture of diversity and inclusion normally create innovations that give them competitive advantage over rivals companies.

In an article published by the Business Times in April 2015 26, Whitefield (2015) reported of a 12 year study reporting that women CEOs have delivered average equity returns of 226%.

The Chi-square test which tested significance between the responses of the three management categories produced a p -value ($p=0.174$). The reliability of the internal consistency for the statement as measured by Cronbach alpha co-efficient was 0.525 ($\alpha= 0.525$), this value is within the poor range of internal consistency measure ($0.6<\alpha<0.7$) and hence the measurement for the statement is valid.

4.5.5 Employee engagement and team performance

According to **Fig 4.23**, 83% of the respondents agree that employee engagement improve team performance. This finding is consistent with the published literature.

Engaged employees according to Welch (2011) remain motivated and strive to perform better all times, translating to organizational efficiency, innovation and competitiveness as they are clear and aware of the company goals. In case of deviations from business goals through engagement employees are aware of mitigation plans to offset disturbances.

The weekly feedback given by the weekly MD' blog, regarding key performance on agreed parameters keep employees motivated to do better every week, thus resulting in improved performance and clearly known line of sight. A recent newspaper article published by the New Age dated May 2015 26 reported that companies with highly engaged employees experience increased profits, efficiency and optimal operations. Similar conclusions were reported by Kapoor and Meachem (2012) of a sizable difference in profits, in a 12 month study which compared the financial performance of organizations with highly engaged employees to a less-engaged workforce.

The Chi-square test for significance between the responses of the three management categories produced a p -value ($p=0.453$). The reliability of the internal consistency for the statement as measured by Cronbach alpha co-efficient was 0.539 ($\alpha= 0.539$), this value is within the poor range of internal consistency measure ($0.6 < \alpha < 0.7$) and hence the measurement for the statement is valid.

The summary of the Chi-square test for all the statements of employee engagement and diversity and inclusion is reported in **Table 4.13**.

Table 4.13: Chi-square test for employee engagement, diversity and inclusion

Statements assessing employee engagement and diversity inclusion	Value	df	p-value*
4a. Does Sapref engages employees continuously as an organization?	0.379	2	0,827
4b. Does the Sapref management use the continuous engagement results to re-calibrate their strategy?	1.381	2	0,501
4c. Is diversity and inclusion linked to Sapref talent management strategy?	2.011	2	0,366
4d. Does Sapref management see benefits of diversified employee teams?	3.499	2	0,174
4e. Does Saprefsee employee engagement as a strategy to improve team performance?	1.586	2	0,453

*Pearson Chi-Square

The overall alpha coefficient for the five items is 0.651, with the individual alpha for each statement presented in **Table 4.14**

Table 4.14: Cronbach alpha scores for employee engagement, diversity and inclusion

Composite variables for objective 4	Cronbach's Alpha
4a. Does Sapref engages employees continuously as an organization?	0,642
4b. Does the Sapref management use the continuous engagement results to re-calibrate their strategy?	0,611
4c. Is diversity and inclusion linked to Sapref talent management strategy?	0,651
4d. Does Sapref management see benefits of diversified employee teams?	0,525
4e. Does Sapref sees employee engagement as a strategy to improve team performance?	0,539

Measure of Reliability

Cronbach's Alpha coefficient	No of Items
0,651	5

An overall value of 0.651 was obtained for Cronobach's alpha coefficient to test reliability for the five statements posed to respondents evaluating the role of employee

engagement and diversity .The reliability of this measurement is acceptable as the Cronbach's alpha test is 0.651 ($0.6 < \alpha < 0.7$) and hence this study is reliable and by extension valid.

4.6 Summary

The overall SAPREF Talent management strategy is perceived positively with a few areas of improvement and opportunities. The talent sourcing and retention is viewed positively with the emphasis on the link to the business vision and the recognition that talent needs are considered when recruiting. The study highlighted the lack of robust retention strategy to prevent great talent from exiting the company.

The study highlighted an urgent need to focus on succession planning. Succession planning was not well received by the respondents and is not clearly understood by the SAPREF community in its current state.

The study found the existence of a link between competency development and business strategy, but managers need to do more to create a conducive work environment for competency development opportunities in order to use it as a strategic retention strategy.

SAPREF employee engagement, diversity and inclusion strategy is well on track and excellently executed. Every statement under the objective was overwhelmingly accepted by the respondents.

The next (last) chapter presents the conclusions and recommendations of the study and it begins by revisiting the objectives of the study. The conclusions of the study are presented first and the recommendations are presented last, all in line with the objectives of the study. Areas of future research as well as limitations are discussed.

CHAPTER 5

CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The conclusions and recommendations deduced from the research are presented in this chapter. The chapter begins by revisiting the objectives of the study, before presenting the set of conclusions and recommendations. The chapter provides area for future research and limitations of the study and close with a summary.

The objectives of the research were to:

- Establish the role of talent sourcing and retention to meet business objectives.
- Analyze the role of succession planning in achieving business objectives.
- Determine the role of competency development in sustaining business objective.
- Investigate the role of continuous engagement and diversity and inclusion in achieving business objectives

5.1.1 Establishing the role of talent sourcing and retention

The findings of the study in establishing the role of talent sourcing and retention revealed that:

- SAPREF talent sourcing is linked to business strategy.
- Future talent needs are considered when recruiting talent, and there are specific retention schemes (market allowance and share scheme) but are not adequate to stop talent from exiting.
- Line management does not see talent development and nurturing as their core function, rather as an HR duty.
- In addition to current existing financial retention schemes, there is an opportunity to explore non-tangible schemes to retain top talent from leaving.

5.1.2 Analyzing the role of succession planning

Succession planning at SAPREF requires great focus, judging from the research findings. The following conclusions are made:

- SAPREF succession planning execution model is not well understood by the SAPREF community.
- There is a need for more alignment between SAPREF departments and HR pertaining to succession planning strategy.
- The process used to identify succession planning candidates through talent reviews, is not transparent.
- The workforce planning is integrated to talent management strategy for short term, but lagging in transiting to long term succession planning.

5.1.3 Determining the role of competency development in sustaining business objectives

The competency development is viewed positively at SAPREF, with the following conclusions from the findings of the research:

- Competency development is linked to business strategy, as the company supports individuals to develop in their areas of interest that converge with the business needs.
- Although competency development has the potential to help retain staff, this lever is not fully exploited.
- There is a need to create more developmental opportunities to leverage retention of talent.

5.1.4 Investigating the role of continuous engagement and diversity and inclusion

The SAPREF community fully embraces the concept of continuous engagement and diversity and inclusion. The study concluded that:

- Team SAPREF practices continuous engagement to the satisfaction of most employees.
- Diversity and inclusion is linked to the SAPREF talent management strategy; however the shortage of diversity candidates is a reality to live with for some foreseeable future due to historical reasons.

- SAPREF recognizes the benefits of diversified employee teams and sees continuous engagement and diversity and inclusion as a strategy to improve performance.

5.2 Recommendations of the study

The study provided some insight into the areas of improvement that SAPREF needs to focus on to aid in flawless execution of the talent management strategy. The areas of improvement are the recommendations that the researcher believes if implemented, the talent management strategy at SAPREF will be greatly enhanced. The recommendations are drawn from literature and from companies similar to SAPREF, which SAPREF strives to lead as the peer. The recommendations are presented analogous to the study objectives.

5.2.1 Establishing the role of talent sourcing and retention

In order for SAPREF to select top talent and successfully retain talent, the following is recommended:

- Strengthen the company brand to make SAPREF an employer of choice by sponsoring and adopting research chairs at engineering faculties in addition to attending university career fairs/expos.
- SAPREF to increase its profile by participating in engineering academic boards and collaborate with universities on guest lectureship especially in areas of SAPREF expertise such as oil refining courses.
- Target top performing students at engineering faculties and offer them attractive bursary packages better than industry rivals. E.g. all expenses paid tuition and lodging and a handsome payment for every distinction achieved.
- Induct university students not only to professional vacation work but to company culture early enough whilst at varsity to promote both job and organization culture.
- During on-boarding of new talent, a buddy must be assigned to help new talent assimilate and navigate SAPREF culture transition.

- Robust development strategies such as further education opportunities and shareholder or overseas rotation assignments be made available to all performing top talent to promote retention.

5.2.2 Analyzing the role of succession planning

The succession planning at SAPREF requires high level intervention, to turn around unfavourable perceptions and experiences of the employees. The following is recommended:

- Establishment of promotion and retention committee (PRC) to nominate and track progress of succession planning candidates.
- The PRC committees must work together with HR and SAPREF departments to ensure fairness.
- Assigning of internal mentors to succession planning candidates for the flawless institutional, technical and managerial knowledge transfer to succession planning candidates.
- Assigning of external mentors and corporate coaches to succession planning candidates to empower them with emotional intelligence skills and the latest industry trends.
- Establish a business seminar annually where employees who are on the succession planning program can interact with other employees as a motivation this can aid to promote transparency and acceptance of succession planning process in the hearts and minds of employees who are skeptical about the process.

5.2.3 Determining the role of competency development in sustaining business objectives

Competency development improves business performance and must at all times be optimally executed. To aid in efficient execution of competence development, the following is recommended:

- Competency development needs identified during talent reviews must be executed within the agreed time frames.

- Line managers must create opportunities for employees to pursue developmental activities as agreed on Personal Development Plans.
- Competency development must meet both employee and company needs to maximize value and act as antecedent for retention.
- Rotational opportunities within departments must be created to allow employees to understand business holistically.

5.2.4 Investigating the role of continuous engagement and diversity and inclusion

Continuous engagement and diversity and inclusion results in organisational and job commitment. The study revealed positive feedback on continuous engagement and diversity and inclusion with the following recommendations:

- Line managers to use section meetings as engagement platforms instead of business meetings.
- Culture surveys be designed as a follow up to ensure issues raised prior are addressed, otherwise the surveys lose credibility.
- Current methods of continuous engagement such as MD's blog, face-to-face staff sessions be sustained as they keep employees informed of the business climate and matters of strategic importance.
- More investment needed to attract and retain top female talent to address diversity especially on the gender element.

5.3 Future research to be carried out

Succession planning was not well rated by the respondents of the study. SAPREF talent management strategy is on the right track except for areas of concerns highlighted. There is a need to do further qualitative studies on succession planning to explore the origins of the unfavourable feelings exposed by the research.

5.4 Limitations of the research

The study achieved the response rate of 100% as planned, however other sources of limitations of the study are:

- Cross-functional teams from other departments except HR, who believe talent management is the function of HR.
- Managers of different job levels might have different understanding of the talent management strategy.
- The understanding of talent management across different generations of managers and the number of years worked in the organization.

5.5 Summary

The chapter presented the conclusions and recommendations highlighting both the positive and unfavourable findings. The chapter discussed the findings in the form of conclusions of what is going well with regard to talent management strategy and also make recommendations for areas not going well.

The objectives of the study are well covered with each objective having its set of conclusions and recommendations. The conclusions serve both as approval for what is going in the right direction and also flags areas of which the business is not doing great with a set of recommendations, if implemented are likely to enhance the execution of the talent management strategy.

Of the four objectives of the study, succession planning was the most that was highlighted as in need of prompt and great intervention to put SAPREF talent management strategy on the right track and realise the vision of being the best Refinery in Southern Africa by 2020. Further exploratory study is needed to get into the bottom of the not so positive feedback.

The next section presents the list of references followed by the appendices containing a research questionnaire used, informed consent form signed by the respondents, ethical clearance certificate and a copy of gate keepers letter.

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Appendix 1- Research Questionnaire

The survey is part of a research project aimed at evaluating talent management strategy at SAPREF to achieve business strategy. The questionnaire will take approximately 20 minutes to complete a set of 25 questions. Please answer the questions in spaces provided by placing a cross next to your preferred answer. The information will be treated with confidentiality and anonymity. In the event you neither agree nor disagree with the statements provided, kindly chose neutral as your answer.

Biographical information

a) Your age

Under 35	1
36-50	2
51-65	3
Over 65	4

b) Your highest education level

High school	1
Trade test	2
University degree/Diploma	3
Masters/MBA	4
Doctorate	5

c) Your gender

Male	1
Female	2

d) Present job level

LT (top management)	1
ELT (senior management)	2
Middle management	3

e) Number of years worked in the organization

1-5	1
6-10	2
11-15	3
16-20	4
Over 20	5

Section B:

Instructions

- The following statements/questions canvas your opinion regarding talent management strategy integration in relation to business strategy (Company vision).
- Kindly highlight the extent to which you Agree or Disagree with the questionnaire statement by putting a cross (X) on the number that represent your view.
- You are allowed to cross only one answer per statement.

1. Talent sourcing and retention

a) Sapref recruitment process is informed by company corporate strategy.

1	2	3	4	5
Strongly disagree	Disagree	Neutral	Agree	Strongly agree

b) Future company talent needs are considered when recruiting new talent.

1	2	3	4	5
Strongly disagree	Disagree	Neutral	Agree	Strongly agree

c) Does SAPREF have specific schemes that are used as retention for critical talent?

1	2	3	4	5
Strongly disagree	Disagree	Neutral	Agree	Strongly agree

d) SAPREF has a robust retention strategy in place to prevent good talent from exiting company.

1	2	3	4	5
Strongly disagree	Disagree	Neutral	Agree	Strongly agree

(e) Management take their talent management role seriously?

1	2	3	4	5
Strongly disagree	Disagree	Neutral	Agree	Strongly agree

2. Succession planning

a) Is succession planning strategy at SAPREF clearly articulated to all employees?

Yes	1
No	2

b) Are the identified successions planning candidates informed of company plans about them?

Yes	1
No	2

c) Does SAPREF departments succession planning integrated with HR strategy?

Yes	1
No	2

d) Are there any programs in place to fast track progress of succession planning candidates?

Yes	1
No	2

e) Is workforce planning integrated with talent management strategy?

Yes	1
No	2

3. Competency development

a) Competence development for employees at SAPREF is linked to business strategy.

1	2	3	4	5
Strongly disagree	Disagree	Neutral	Agree	Strongly agree

- b) Management creates a conducive work environment for employees to pursue competence development opportunities.

1	2	3	4	5
Strongly disagree	Disagree	Neutral	Agree	Strongly agree

- c) Are competency development opportunities used as a retention strategy?

1	2	3	4	5
Strongly disagree	Disagree	Neutral	Agree	Strongly agree

- d) There is an alignment between HR and different SAPREF departments on the importance of employee competence development.

1	2	3	4	5
Strongly disagree	Disagree	Neutral	Agree	Strongly agree

- e) Sapref believes competence development improves business performance.

1	2	3	4	5
Strongly disagree	Disagree	Neutral	Agree	Strongly agree

4) Employee engagement and diversity management

- a) Does SAPREF engage employees continuously as an organization?

Yes	1
No	2

- b) Does the SAPREF management use the continuous engagement results to re-calibrate their strategy?

Yes	1
No	2

c) Is diversity and inclusion linked to SAPREF talent management strategy?

Yes	1
No	2

d) Does SAPREF management see benefits of diversified employee teams?

Yes	1
No	2

e) Does SAPREF sees employee engagement as a strategy to improve team performance?

Yes	1
No	2

This was the final question, thank you for participating in the survey

Appendix 2- Informed consent form

DECLARATION OF CONSENT

PROJECT TITLE: Evaluation of talent management strategy in achieving enterprise strategy: A case study at SAPREF

RESEARCHER

Full Name: Ziphathale Chamane
School: GSB&L
College: Humanities
Campus: Westville
Proposed Qualification: MBA
Contact: 072 624 2879
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SUPERVISOR

Full Name of Supervisor: Dhanesh Rampersad
School: GSB&L
College: Humanities
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HSSREC RESEARCH OFFICE

Full Name: Prem Mohun
HSS Research Office
Govan Bheki Building
Westville Campus
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Email: mohunp@ukzn.ac.za

I am **Ziphathale Chamane.**, Student no. **21356935** an MBA student, at the Graduate School of Business and Leadership, the University of Kwazulu Natal. You are invited to participate in a research project entitled: **Evaluation of talent management strategy in achieving enterprise strategy: A case study at SAPREF**. The aim of the study is to evaluate the robustness of SAPREF talent management strategy in aligning to SAPREF vision of being the best refinery in Southern Africa.

Through your participation, I hope to understand your perceptions and challenges in the implementation of talent management strategy at SAPREF. I guarantee that your responses will not be identified with you personally. Your participation is voluntary and there is no penalty if you do not participate in the study. Please sign on the dotted line to show that you have read and understood the contents of this letter. The questionnaire will take approximate 20 minutes to complete.

I _____ (Full Name)
hereby confirm that I have read and understand the contents of this letter and the nature of the
research project has been clearly defined prior to participating in this research project.

I understand that I am at liberty to withdraw from the project at any time, should I so desire.

Participants Signature

Date

Appendix 3- Ethical Clearance Certificate



4 March 2015

Mr Zlphathele Harold Chamane 213569351
Graduate School of Business and Leadership
Westville Campus

Dear Mr Chamane

Protocol reference number: HSS/0114/0ISM

Project title: Evaluation of Talent Management Strategy in fulfilling enterprise strategy: A case study at SAPREF

Full Approval-Expedited

Application In response to your application received on 28 February 2015, the Humanities & Social Sciences Research Ethics Committee has considered the abovementioned application and the protocol have been granted FULL APPROVAL.

Any alteration/s to the approved research protocol i.e. Questionnaire/Interview Schedule, Informed Consent Form, Title of the Project, Location of the Study, Research Approach and Methods must be reviewed and approved through the amendment/modification prior to its implementation. In case you have further queries, please quote the above reference number.

PLEASE NOTE: Research data should be securely stored in the discipline/department for a period of 5 years.

The ethical clearance certificate is only valid for a period of 3 years from the date of Issue. Thereafter Recertification must be applied for on an annual basis.

I take this opportunity of wishing you everything of the best with your study.

Yours faithfully

.....
Dr Shenuka Singh (Chair)
Humanities & Social Sciences Research Ethics Committee

Cc Supervisor: Mr Dhanesh Rampersad
Cc Academic Leader Research: Dr E Munapo
Cc School Administrator: Ms Zarina Bullyraj

Appendix 4- Gatekeepers letter

Shell and BP
South African
Petroleum
Refineries
(Pty) Ltd

Co. Reg. No.
1960/000007/07

P O Box 3179
Durban, 4000

Refinery Road
Prospecton

☎ +27 31 480 1911
☎ +27 31 468 1913

<http://www.sapref.com>



19 January 2015

UKZN MBA Research Clearance

TO WHOM IT MAY CONCERN

This letter serves to confirm that SAPREF is supporting Mr Ziphathlele Chamane to undertake research titled "*An Evaluation of talent management strategy in fulfilling an enterprise strategy: A case study at SAPREF*" for his MBA dissertation at UKZN.

The output of the research will add value to the company and will be used in integrating talent management strategy with business strategy. It will also help us to interrogate our talent management strategy so that we can strengthen it if need be.

SAPREF will provide full support needed for Mr Chamane to successfully complete his dissertation.

Regards

Lindiwe Khuzwayo (Mrs)
SAPREF Human Resources Manager
(031) 4801750

DIRECTORS:

B F Mohale
(Chairman)
A F H Wielers (Dutch)
(Managing Director)
T Kabalin
R J Mooldijk (Dutch)
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